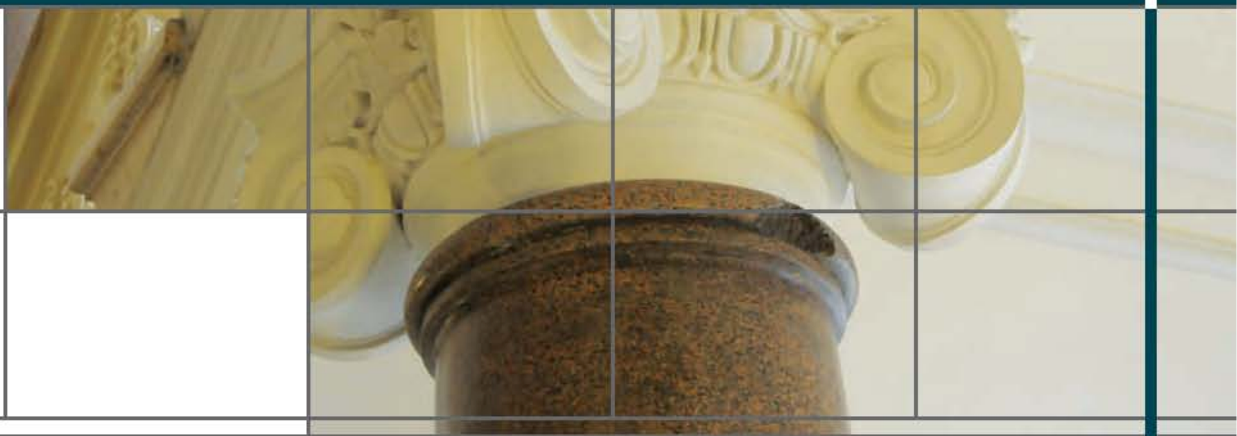
Cassa depositi e prestiti

CDP SpA
Condensed interim separate Financial Statements

at 30 June 2010



(Translation from the Italian original which remains the definitive version)

Condensed interim separate financial statements at 30 June 2010

Cassa depositi e prestiti società per azioni

REGISTERED OFFICE

ROME – Via Goito, 4

COMPANY REGISTER OF ROME

Entered in Company Register of Rome no. 80199230584

Registered with Chamber of Commerce of Rome at no. REA 1053767

SHARE CAPITAL

Share capital €3,500,000,000.00 fully paid-up

Tax code 80199230584 – VAT registration no. 07756511007

Board of Directors (in office at 30 June 2010)

Franco Bassanini	*Chairman*
Giovanni Gorno Tempini	*Chief Executive Officer*
Christian Chizzoli	*Director*
Cristiana Coppola	*Director*
Piero Gastaldo	*Director*
Ettore Gotti Tedeschi	*Director*
Vittorio Grilli	*Director*
Nunzio Guglielmino	*Director*
Mario Nuzzo	*Director*

Supplementary members for administration of Separate Account
(Article 5.10, Decree Law 269/2003, ratified with amendments by Law 326/2003)

Director General of the Treasury	*Director*	*(1)*
State Accountant General	*Director*	*(2)*
Romano Colozzi	*Director*	
Guido Podestà	*Director*	
Giuseppe Pericu	*Director*	

General Manager

Matteo Del Fante

(1) Maria Cannata, delegate of the Director General of the Treasury.

(2) Giovanni De Simone, delegate of the State Accountant General.

Preference Shareholders Support Committee (in office at 30 June 2010)

Matteo Melley	*Chairman*
Teresio Barioglio	*Member*
Marcello Bertocchini	*Member*
Angela Gallo	*Member*
Giulio Ghetti	*Member*
Amedeo Grilli	*Member*
Roberto Giordana	*Member*
Francesco Lorenzetti	*Member*
Antonio Marotti	*Member*
Marco Parlangeli	*Member*
Roberto Saro	*Member*

Steering Committee

Giuliano Segre	*Chairman*
Carlo Colaiacovo	*Member*
Adriano Giannola	*Member*
Antonio Miglio	*Member*
Andrea Landi	*Member*
Francesco Parlato	*Member*
Antimo Prosperi	*Member*
Alessandro Rivera	*Member*
Giovanni Gorno Tempini	*Member*

Board of Auditors (in office at 30 June 2010)

Angelo Provasoli	*Chairman*
Paolo Fumagalli	*Auditor*
Biagio Mazzotta	*Auditor*
Gianfranco Romanelli	*Auditor*
Giuseppe Vincenzo Suppa	*Auditor*
Francesco Bilotti	*Alternate*
Gerhard Brandstätter	*Alternate*

Parliamentary Supervisory Committee

Tommaso Foti	*Chairman*
Massimo Bitonci	*Deputy Chairman*
Salvatore Cultrera	*Secretary for Confidential Matters*
Pietro Franzoso	*Parliamentary member*
Oriano Giovannelli	*Parliamentary member*
Cinzia Bonfrisco	*Parliamentary member*
Paolo Franco	*Parliamentary member*
Giovanni Legnini	*Parliamentary member*
Valter Zanetta	*Parliamentary member*
Salvatore Giacchetti	*Non-parliamentary member*
Gaetano Trotta	*Non-parliamentary member*
Luigi Papiano	*Non-parliamentary member*

Judge of the State Audit Court
(Article 5.17, Decree Law 269/2003 – attends meetings of the Board of Directors and the Board of Auditors)

Luigi Mazzillo

Independent auditors

KPMG S.p.A.

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MAIN INDICATORS

HIGHLIGHTS

(millions of euros)

	2010	2009
RECLASSIFIED BALANCE SHEET DATA (balances at 30 June 2010 and 31 December 2009)		
Total assets	235,025	227,054
Cash and cash equivalents	121,886	118,380
Loans to customers and banks	88,814	85,178
Equity investments and shares	16,358	18,271
Postal funding	196,070	190,785
Other direct funding	18,751	17,396
Equity	11,008	12,170
RECLASSIFIED PERFORMANCE DATA (accruing in 1st half of 2010 and 2009)		
Net interest income	769	1,309
Gross income	1,182	1,396
Operating income	1,150	1,367
Net income	991	1,039

FLOWS OF NEW LOANS

(millions of euros)

Business lines	1st half 2010	1st half 2009
Loans to public entities	368	1,477
Economic support	2,590	250
Financing of infrastructure and public works	869	1,402
- of which: for projects promoted by public entities	*450*	*-*
- of which: to companies for works used to deliver public services	*419*	*1,402*
Total on-balance-sheet loans to banks and customers	**3,827**	**3,129**
Equity investments and funds	2	3,163
Total on-balance-sheet lending	**3,829**	**6,292**

MAIN INDICATORS

(units; percentages)

	2010	2009
PERFORMANCE RATIOS (%) (annualised, where material, on the basis of accruals for 1st half)		
Spread interest-bearing assets - liabilities	0.8%	1.4%
Cost/income ratio	3.1%	2.4%
ROE	16.3%	21.4%
CREDIT RISK RATIOS (%) (values at 30 June 2010 and 31 December 2009)		
Gross bad debts and substandard loans / Gross loans to customers and banks	0.178%	0.183%
Net writedowns / Net loans to customers and banks	0.000%	0.001%
RATING		
Standard & Poor's	A+	
Fitch Ratings	AA-	
Moody's	Aa2	
OPERATING STRUCTURE (averages of 1st half 2010 and 2009)		
Average no. of employees	414	406

1. PRESENTATION OF THE COMPANY

1.1 CDP'S ROLE AND MISSION

Cassa Depositi e Prestiti S.p.A. is the result of the transformation of CDP from an agency that was part of general government into a joint-stock company pursuant to Article 5 of Decree Law 269 of 30 September 2003, ratified, with amendments, by Law 326 of 24 November 2003, as amended. Subsequent decrees issued by the Minister for the Economy and Finance implemented the decree law and established the assets and liabilities of CDP S.p.A., as well as the guidelines for organisational and accounting separation and the procedures to be followed in setting the terms and conditions of lending and funding under the Separate Account.

The Decree Law outlines the new company's main lines of activity, which maintain continuity with CDP'S mission prior to the transformation. Thereafter, CDP considerably expanded its institutional mission and areas of expertise following a series of regulatory changes.

In this context, CDP has constantly updated its articles of association to incorporate these developments. Most recently, in January 2010 the shareholders once again amended the articles of association to take account of the new opportunities offered by the 2010 Finance Act (ratified with Law 191/2009). The articles of association were amended to allow CDP to participate in investment funds whose purpose coincides with those of CDP, such as the new "Fondo Italiano di Investimento per le PMI".

As set out in Article 3.1 of the articles of association, CDP's corporate purpose currently comprises the following activities.

1) Any sort of financing of the state, regions, local authorities, public entities and public law bodies by using funds redeemable by way of postal savings passbooks and interest bearing postal bonds, guaranteed by the state and distributed through Poste Italiane S.p.A. or its subsidiaries, and funds deriving from the issue of notes, the taking on of loans and other financial transactions, which may be guaranteed by the state.
2) Any sort of financing using funds guaranteed by the state, directed at public-interest initiatives "promoted" by the entities referred to in the previous point,

to support the international expansion of enterprises when such initiatives are secured by guarantees or insurance from SACE S.p.A., or carried out in favour of small and medium-sized enterprises for the purpose of supporting the economy. The financial transactions may be conducted either directly (if for an amount equal to or greater than €25 million) or through the banking system, with the exception of operations in favour of SMEs, which may only be conducted through the banking system or the subscription of investment funds managed by an asset management company whose corporate purpose achieves one or more of the institutional missions of CDP. Financial transactions carried out for operations "promoted" by the entities referred to in the point above or directed at supporting the international expansion of enterprises (when such initiatives are secured by guarantees or insurance from SACE S.p.A.), may be carried out in favour of public or private entities, with the exclusion of natural persons, having legal personality.

3) Any sort of financing of projects, plants, networks and other infrastructure intended to supply public services and for the reclaiming of land, using funds derived from the issue of notes, the taking on of loans and other financial transactions, without state guarantee, without raising funds first-hand and by means of fund-raising exclusively from institutional investors.

With regard to the acquisition of equity investments, on 27 January 2005 the Minister for the Economy and Finance issued, pursuant to Article 5.9 of Decree Law 269/2003 (regulating the minister's policy-making powers for CDP S.p.A. activities), a decree establishing the criteria for determining which equity investments CDP S.p.A. may make. The decree makes reference to CDP S.p.A.'s articles of association, which at Article 3.2, establish that "The company may also carry out any other operations instrumental, related or accessory to the attainment of its corporate purpose, including *inter alia*: [...] acquiring equity investments and interests in companies, other businesses, consortiums and business groupings in Italy and abroad". The decree specifies the definitions of instrumental, related and accessory to the corporate purpose of CDP S.p.A.. Accordingly, CDP S.p.A. may acquire, using funds from postal savings if deemed appropriate, equity investments in companies whose business:

- is functional or auxiliary to the pursuit of CDP S.p.A.'s corporate purpose (instrumental equity investments);
- is interdependent with CDP S.p.A.'s corporate purpose (related equity investments);
- is complementary to CDP S.p.A.'s corporate purpose (accessory equity investments).

All of the above activities must be conducted by CDP in a manner such that, within the context of a separate accounting and organisational system, they preserve the long-term financial stability of the organisation while ensuring a return on investment for the shareholders.

In accordance with Article 5.6 of Decree Law 269/2003, the provisions of Title V of the Consolidated Banking Act concerning supervision of non-bank financial intermediaries, taking account of the characteristics of the entity subject to supervision and the special rules that govern the Separate Account, also apply to CDP S.p.A..

1.2 COMPANY BODIES AND ORGANISATION

At their ordinary meeting on 28 April 2010, the shareholders appointed the new Board of Directors for 2010-2012, with the directors to remain in office until approval of the financial statements for the year ending 31 December 2012. During the same meeting, the new members of the Board of Auditors were also appointed.
In accordance with Article 5.10 of Decree Law 269/2003 (ratified with Law 326/2003), for matters concerning the administration of the Separate Account referred to under Article 8 of said law, the ordinary members of the Board of Directors are supplemented by the Director General of the Treasury and the State Accountant General (as indicated under Article 7.1(c) and (d) of Law 197/1983), who may, in turn, appoint their own delegates. During the first half of the year, three more members were added as appointed with a decree of the Ministry for the Economy and Finance in accordance with Article 7.1(f) of Law 197/1983.

In May, the Board of Directors appointed a new Chief Executive Officer and granted the Chairman and new CEO their respective powers.
Finally, as regards the organisational structure in general, in June the Board of Directors, acting on a proposal of the CEO, appointed a new General Manager pursuant to Article 24.6 of the articles of association and approved initial changes to the CDP organisation.

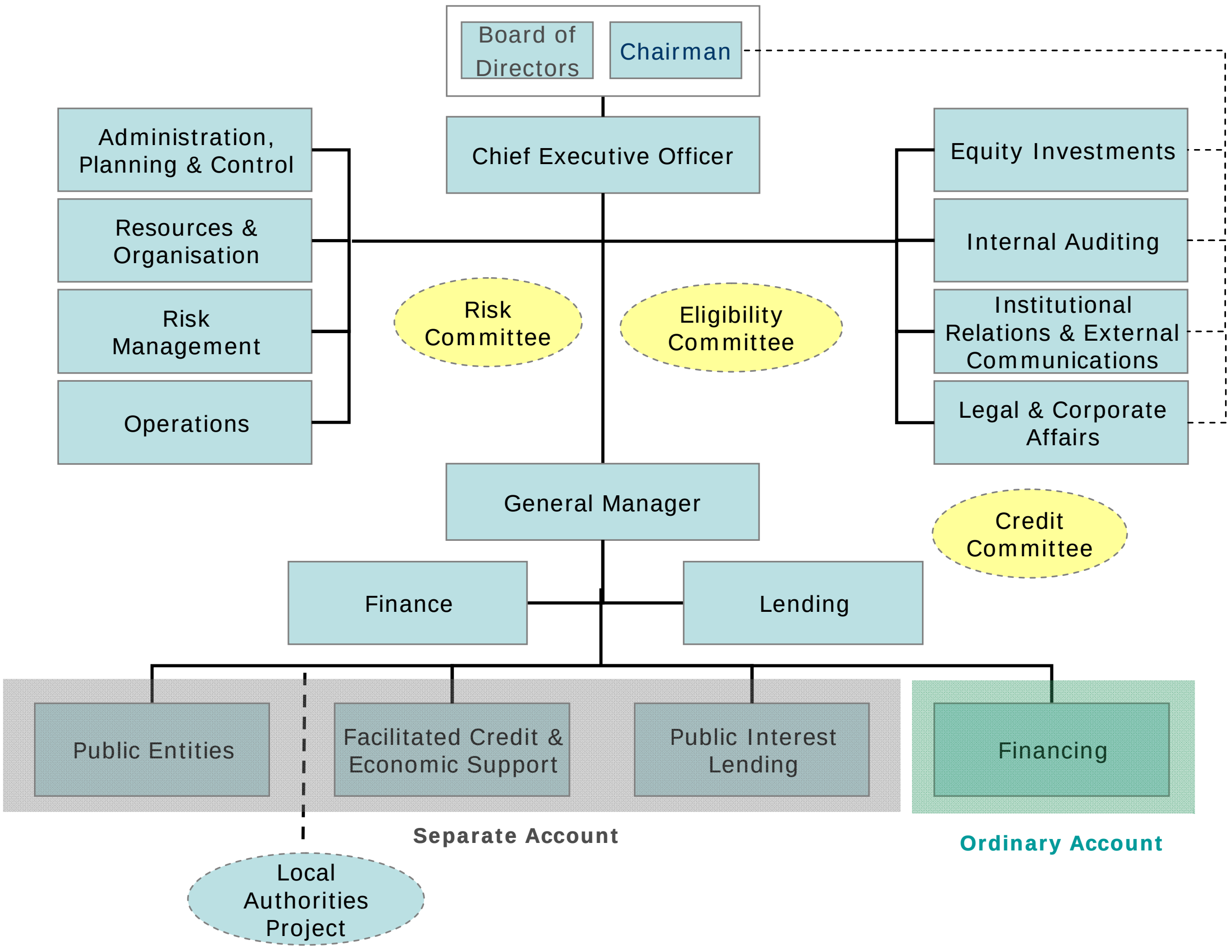
1.3 First-level organisation chart

Based on the organisational structure in effect as of the end of the first half of 2010, the following functions report to the CEO: Administration, Planning & Control; Resources & Organisation (which comprises the former Human Resources and Organisation units); Risk Management; and Operations (which aggregates Information & Communication Technology, Purchasing, Logistics, and Operations and Corporate Processes).

The following functions also report directly to the CEO, as well as functionally to the Chairman of the Board of Directors: Equity Investments (comprising the Equity Investments unit and international activities, as well as management of the investment in CDP Investimenti SGR); Internal Auditing; Institutional Relations & External Communications (which comprises the Public Relations unit and research activities); and Legal & Corporate Affairs.

Finally, the General Manager reports to the CEO and is in charge of managing the following business areas: Public Entities (to which the Real Estate unit has been transferred); Facilitated Credit and Economic Support; Public Interest Lending (formerly Project Finance); Financing (formerly Enterprises); as well as management of the Local Authorities Project. The following business support areas also report to the general manager: Lending (to which the Project Assessment unit has also been allocated) and Finance.

Accordingly, the Company's organisation chart as at 1 July 2010 is as follows:



In 2010, a Risk Committee was also created to complete this structure. The committee is responsible for setting policy and managing risk and for supporting the CEO in assessing especially significant operational risks. It joins the existing Eligibility and Credit Committees. The former issues mandatory opinions concerning the eligibility of CDP lending transactions pursuant to the law and the articles of association, while the latter issues mandatory opinions regarding the feasibility of lending transactions in terms of creditworthiness and financial sustainability.

2. THE MARKET

2.1 THE MACROECONOMIC SITUATION

During the first half of 2010, the global economy continued along the road to recovery. The increase in industrial production, which was initially concentrated in the developing countries, also involved the more advanced economies, and the volume of global trade continued to expand. Nonetheless, the persistence of unemployment and signs of deflation remain causes for concern. Indeed, the output gap[3] remains at fairly high levels, particularly in the developing countries.

According to forecasts, the global economy is expected to resume growing. In 2010, real GDP should grow at a fairly rapid pace, with forecasts falling within a range of 2.7% to 4.2%. GDP growth in the more advanced economies[4] is expected to be between 1.8% and 2.3%, whereas that in the developing countries[5] should be between 5.2% and 6.3%.[6]

Nevertheless, the pace of recovery will differ. The high-income countries, which were hit hardest by the recent crisis, are expected to grow relatively slowly. In the first quarter of this year, despite the effects of substantial fiscal stimulus measures, the economies of the United States, Japan, Germany and France grew by just 0.7%, 1.2%, 0.2% and 0.1%, respectively.[7]

Uncertainty will continue to characterise the emergence from recession. The withdrawal of stimulus measures and the completion of the inventory cycle could slow the recovery towards the end of the year.

Furthermore, it is not yet clear in the short term how private sector demand will respond to the expansionary monetary and fiscal policies. On the one hand, the response could be weaker than expected, with the possible crowding out of

[3] See World Bank, *Global Economic Prospects: Crisis, Finance and Growth*, 2010, pp 1-3. The output gap is the difference between real and potential GDP. Potential GDP is the output that would be achieved if an economy's entire production capacity were being used.
[4] Euro area, Japan and the United States.
[5] Eastern and Pacific Asia, eastern Europe and central Asia, Latin America, the Middle East and northern Africa, southern Asia, and sub-Saharan Africa.
[6] See International Monetary Fund, *World Economic Outlook: Rebalancing Growth*, April 2010, Table 1.1, p 2; World Bank, op. cit., Table O.1, p 3. The ranges of fluctuation vary depending on the forecast.
[7] Estimated rates of seasonally adjusted growth in real GDP. Source: OECD, *Quarterly National Accounts*.

private investment. On the other, the markets punish the growing levels of public debt, while monetary policy could generate inflationary pressures.

As for the Italian economy, following a slight contraction in GDP towards the end of 2009, there was a modest recovery in the first quarter of 2010, with real growth of 0.4%, just below the OECD average of 0.6% but greater than the average of 0.2% for the euro area.

During the quarter, industrial production displayed some signs of buoyancy, posting real growth of 1.4%, although this was below the average of 2.7% for advanced countries.
Private-sector consumption remained unchanged, but still outperformed the average for the euro area as a whole, where consumption declined by 0.1%.[8] It is clear that the performance of private consumption has been affected by the deterioration of consumer confidence, which, in turn, has likely been influenced by concerns about the state of the economy and the outlook for employment.

Factors that continue to weigh on the Italian economy include the drop in the number of persons in employment, the contraction in disposable income and in the propensity of businesses to invest, which has been adversely influenced by declining profits and low capacity usage rates. In addition, although accelerating in the first part of 2010, exports have not been growing strongly enough to support economic growth.[9]

2.2 THE FINANCIAL MARKET AND RATES

The consequences of the global financial bubble that burst in 2008 – which include the credit market freeze, the collapse in stock prices, the inversion of capital flows, and the decline in exchange rates – appear to have been overcome.

The stock markets in the high-income countries and in the emerging economies have recovered about half of the ground they lost during the crisis.
Interbank rates have returned to normal levels. The spread between the pricing of commercial loans and central bank financing has narrowed from 365 basis points at the height of the crisis to less than 15 basis points. At the same time, the premium on sovereign rates in developing countries has decreased from over

[8] Source: OECD, *Key Short-Term Indicators*.
[9] Bank of Italy, *Bollettino Economico*, April 2010, p 6.

800 basis points to just under 300. At the same time, the volatility of stock markets has also diminished.[10]

Overall, the recovery in lending will begin slowly and vary in strength depending on the markets concerned.

During the first part of the year, credit risk in the private sector diminished. Writedowns of securities held by banks fell from $2.8 trillion to $2.3 trillion. However, the aggregate capital needs of the banking system remain high, particularly in those countries whose banking systems have a greater exposure to the real estate industry. Commercial banks in the United States, Germany, the United Kingdom and Spain, in particular, could still post losses. In addition, strains associated with sovereign risk have not entirely dissipated, as Greece has shown. Thus, the international financial system still appears to be far from achieving full stability.[11]

In Italy, lending to the private sector was essentially unchanged in the first part of the year compared with the previous year. This was the net effect of a moderate rise in household lending (4.4%), particularly home purchase loans, offset by a contraction in lending to non-financial companies (-3.9%).
In general, interest rates on new bank loans have fallen slightly. The rate on short-term loans to firms was 3.8%, while that on fixed-rate mortgage loans to households was 4.6% and that on floating-rate loans was 2.2%. Despite the overall easing of credit conditions, difficulties in accessing credit persisted, particularly for businesses.[12]

Credit quality remains especially low. During the first two months of 2010, exposure to bad debts increased over the previous year, while total bank funding expanded only modestly, by 2.3%. These factors did not help to improve the overall profitability of banks.[13]

As for the stock markets, during the first part of the year, the general index of the Italian stock exchange, after an initial decline, was essentially unchanged, as were the yield spreads between investment-grade bonds issued by Italian non-

[10] World Bank, op. cit., pp 1-18.
[11] See International Monetary Fund, *Global Financial Stability Report: Meeting New Challenges to Stability and Building a Safer System*, April 2010, pp 1-17.
[12] Bank of Italy, op. cit., pp 34-37.
[13] Ibid., pp 37-38.

financial corporations and government securities.[14] Finally, the yield spread between ten-year Italian government securities and the corresponding German securities increased by about 70 basis points between the end of 2009 and the average rate for June 2010, likely due to market strains that emerged as a result of the crisis in Greece.

2.3 PUBLIC FINANCES

In the advanced economies, economic support measures launched during the crisis contributed to increasing both fiscal deficits, which reached an average of 9% of GDP, and the public debt, which is expected to exceed 100% of GDP by 2014, some 35 percentage points higher than prior to the crisis.[15] Over the medium term, fiscal adjustment strategies are expected, particularly in light of the crisis that struck Greece in the first part of this year.

In Italy, the increase in the deficit was mainly due to the decline in revenues and the effect of automatic stabilisers. This deterioration was less pronounced than in the other main advanced countries, some of which had to support the costs of major bank rescues. In 2009, the general government borrowing requirement came to 5.3% of GDP, and the primary deficit was 0.6% of GDP, while ratio of public debt to GDP increased by about 9.7 percentage points to 115.8%.[16]

These figures are in line with the estimates of the Stability Programme presented by the Government at the end of January 2010 and primarily reflect the adverse economic environment. Regarding the estimates for 2010, the Programme and the related 2010-2012 Update both forecast net general government borrowing of 5% of GDP, a primary deficit of 0.1%, and debt of 116.9%. The budget revision (Decree Law 78/2010), which is currently being ratified by the Italian Parliament, should increase revenues for 2011 and 2012 and reduce primary expenditure.[17]

Analysing the debt of regional and local governments and loans to central government departments, which represent CDP's target market, the stock of loans disbursed to regional and local governments at 31 May exceeded €80 billion, an increase of 4.2% from the end of 2009 (€77 billion).

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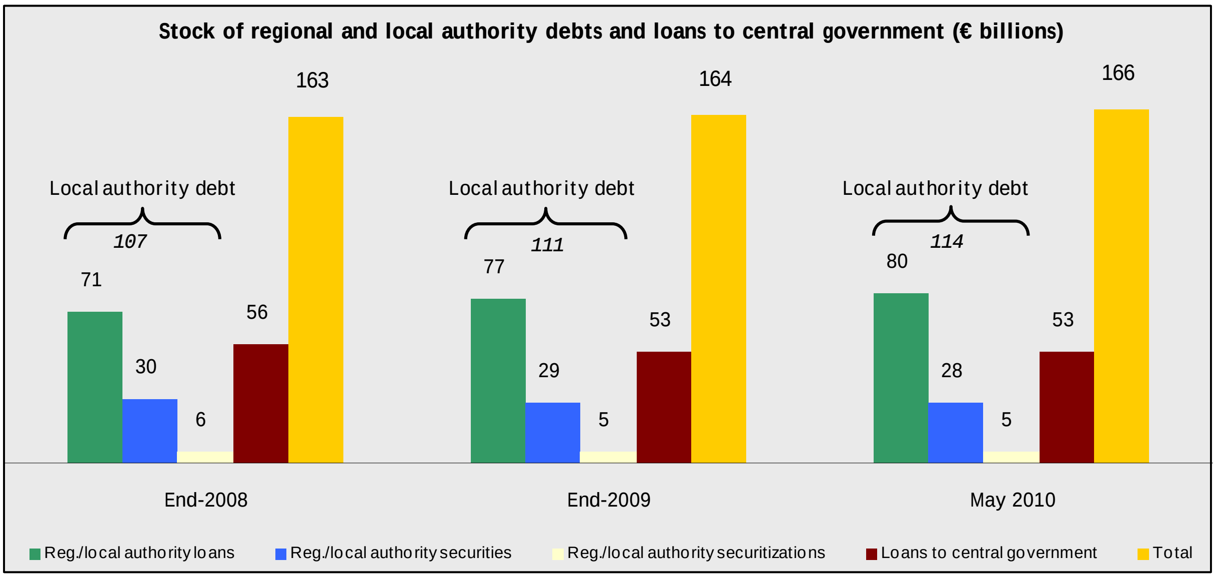
[14] Ibid., pp 38-40.
[15] International Monetary Fund, *World Economic Outlook*, op. cit., p XV.
[16] Bank of Italy, op. cit., pp 6, 40-44.
[17] Ibid.

At the same date, the stock of securities issued by regional and local governments exceeded €28 billion, a decline of 1.4% from the end of 2009 (€29 billion).

Total debt for these governments therefore reached €114 billion, including securitisation transactions recognised as debt (€5 billion) in addition to loans and securities issued. The largest share was accounted for by local governments (provinces and municipalities), which accounted for about 52% of the total (€59 billion), followed by the regions, which accounted for 37% (€42 billion), with other entities accounting for 11% (€13 billion).

Overall, regional and local governments posted a 2.5% increase (equal to €2,762 million) in total debt compared with the end of 2009 due to an increase in loans (71% of the total for this segment). Analysing a breakdown by type of entity, we see a significant contribution from other entities (49% of the overall increase, or €1,352 million), followed by local governments (40% of the increase, or €1,094 million) and, finally, by regional governments (11% of the total, or €316 million).

Loans with costs borne by central government, on the other hand, reached about €53 billion at the end of May 2010, a decline of 0.7% from the end of 2009.



Source: Bank of Italy - *Supplementi al Bollettino Statistico*

RESULTS OF CASSA DEPOSITI E PRESTITI

3. PERFORMANCE AND FINANCIAL POSITION

The following is an analysis of the accounts as at 30 June 2010. In order to facilitate understanding of our results for the period, the balance sheet and income statement shown below have been reclassified on the basis of operational criteria.
For the sake of full disclosure, a reconciliation of the standard and reclassified statements is also provided, in accordance with Bank of Italy Circular no. 262/2005 as amended, with a detailed breakdown of the accounts and related reclassifications.

In the first half of 2010, new on-balance-sheet lending to customers and banks, which represents CDP's core business, amounted to about €4 billion, a 22% increase over the same period of 2009.

FLOWS OF NEW LOANS

(millions of euros)

Business lines	1st half 2010	1st half 2009	% change
Loans to public entities	368	1,477	-75.1%
Economic support	2,590	250	n/s
Financing of infrastructure and public works	869	1,402	-38.0%
- of which: for projects promoted by public entities	*450*	*-*	n/s
- of which: to companies for works used to deliver public services	*419*	*1,402*	-70.1%
Total on-balance-sheet loans to banks and customers	**3,827**	**3,129**	**22.3%**
Equity investments and funds	2	3,163	n/s
Total on-balance-sheet lending	**3,829**	**6,292**	**-39.1%**

The new lending in the first half of 2010 went largely for transactions to support the economy (€2.6 billion or 68% of the total), originated under new instruments that were not active in the first half of 2009 (SME lending and reconstruction of the Abruzzo region). Other financing went for infrastructure and other public works in the amount of about €0.9 billion (23% of the total). The contribution of new direct lending to public entities remains limited at €0.4 billion (10% of the total) due to the seasonal effects that are typical of the first part of the year. For both financing for public entities and to companies for works used to deliver public services, it is important to note that during the first half of 2009 a number of very large individual loans were made that were not present in 2010, resulting in a contraction in new lending in this segment.

The figures presented below regard both CDP as a whole and the individual business units responsible for the areas of business specified above. For more information on the methods of allocating results to the various units, see the notes to the financial statements (Operating segments).

Business lines	**Business unit responsible**
Lending to public entities and real estate services	Public Entities
Economic support	Facilitated Credit and Economic Support
Financing of infrastructure and public works	
- of which: for projects promoted by public entities	Public Interest Lending
- of which: to companies for works used to deliver public services	Financing

3.1 RECLASSIFIED BALANCE SHEET

3.1.1 ASSETS

The assets of CDP from the reclassified balance sheet as at 30 June 2010 can be grouped into the following aggregates:

(millions of euros)

	30/06/2010	**31/12/2009**	**% change**
ASSETS			
Cash and cash equivalents	121,886	118,380	3.0%
Loans to customers and banks	88,814	85,178	4.3%
Debt securities	2,438	692	252.5%
Equity investments and shares	16,358	18,271	-10.5%
Assets held for trading and hedging derivatives	1,189	1,200	-1.0%
Property, plant and equipment and intangible assets	208	210	-1.3%
Accrued income, prepaid expenses and other non-interest-bearing assets	3,539	2,450	44.4%
Other assets	595	673	-11.6%
Total assets	**235,025**	**227,054**	**3.5%**

As of that date, total assets came to €235 billion, a 3.5% increase from the end of 2009.

In particular, cash and cash equivalents rose significantly, to more than €121 billion (+3% from 2009) thanks to positive net funding for CDP from postal savings products during the first half of 2010, as well as to the increase in the interbank treasury balance.

The stock of loans to customers and banks, amounting to about €89 billion, showed dynamic growth compared with the end of 2009 (+4.3%), due in part to the lending under the economic support programmes mentioned above, as analysed further below.

Debt securities totalled more than €2 billion, a substantial increase from the end of 2009. The growth was due to the subscription of government securities during the first half of the year, primarily for the purpose of investing cash.

There was a significant decline in the carrying amount of equity investments and shares, which went from more than €18 billion at the end of 2009 to more than €16 billion at 30 June (a decrease of about 11%). This change was due in particular to the fall in the market value of the shares in Eni S.p.A. and Enel S.p.A. It should also be noted that, in view of the expected sale of the investments in ST Holding and Poste Italiane, as approved by the Board of Directors on 30 June 2010, these investments were reclassified among "non-current assets and disposal groups held for sale" at their carrying amount at 30 June 2010. In the reclassified balance sheet, however, these investments are still reported under equity investments and shares.

Assets held for trading and hedging derivatives were essentially unchanged from 2009. This aggregate reports the fair value (if positive) of derivative instruments used for hedging, which includes operational hedges that are not recognised as such for accounting purposes. As at 30 June 2010, this balance benefited from the increase in the fair value of the derivatives hedging liabilities, along with a corresponding increase in the fair value of the funding being hedged. The item also reflects the decline in the fair value of the options acquired to hedge the corresponding option component of the equity-linked notes (indexed bonds and *Premia* bonds).

The total balance of non-current assets came to €208 million, of which €202 million in property, plant and equipment and the remainder in intangible assets. The total declined because investments made during the period were less than depreciation and amortisation recognised on existing assets during the six-month period.

Accrued income, prepaid expenses and other non-interest-bearing assets increased by more than €1 billion from the end of 2009, going from €2,450 million to €3,539 million. This change was attributable to the combined effect of a decline in CDP's receivable for interest accrued on the balances of the treasury account and an increase in the fair value of the loans hedged for financial risk using derivative instruments (which increased from 2009), which, as discussed below, is matched by a increase in the negative fair value of the related hedge derivatives.

Finally, other assets, in the amount of €595 million, include the balance of current and deferred tax assets as well as payments on account and other sundry assets.

DEVELOPMENTS IN LOANS TO CUSTOMERS AND BANKS

As at 30 June 2010, loans to customers and banks totalled €88,814 million, up from €85,178 million at the end of 2009.

The greatest contribution continued to come from the Public Entities unit, although there was also an increase from the previous year in the relative weight of lending for the Facilitated Credit and Economic Support unit, particularly related to SME lending. The contribution of the Financing unit was essentially unchanged.

Stock of loans to customers and banks

(millions of euros)

	30/06/2010	31/12/2009	% change
Public Entities	82,564	80,788	2.2%
Facilitated Credit and Economic Support	2,570	1,054	143.8%
Financing	3,680	3,336	10.3%
Public Interest Lending	-	-	n/s
Total loans to customers and banks	**88,814**	**85,178**	**4.3%**

The overall balance related to commitments to disburse funds and guarantees came to €12,135 million, down from €14,023 million at the end of 2009. The reduction was due to the combination of various factors: for the business areas (with the exception of Public Entities) in which the stock increased, the rise was due to greater loans approved compared with loans disbursed during the period; for those for which the stock declined, the fall was due to the start of repayment on loans granted previously (the Public Entities unit).

Commitments to disburse funds and guarantees

(millions of euros)

	30/06/2010	31/12/2009	% change
Public Entities	5,959	9,026	-34.0%
Facilitated Credit and Economic Support	3,316	2,596	27.7%
Financing (includes guarantees)	1,410	1,401	0.6%
Public Interest Lending	1,450	1,000	45.0%
Commitments to disburse funds and guarantees	**12,135**	**14,023**	**-13.5%**

3.1.2 LIABILITIES AND EQUITY

The reclassified liabilities and equity of CDP as at 30 June 2010 can be grouped into the following aggregates:

(millions of euros)

	30/06/2010	31/12/2009	% change
LIABILITIES AND EQUITY			
Funding	219,254	210,633	4.1%
- of which: postal funding	*196,070*	*190,785*	*2.8%*
- of which: funding from banks	*4,432*	*2,452*	*80.8%*
- of which: funding from customers	*10,441*	*9,191*	*13.6%*
- of which: funding from bonds	*8,311*	*8,205*	*1.3%*
Liabilities held for trading and hedging derivatives	2,914	1,675	74.0%
Accrued expenses, deferred income and other non-interest-bearing liabilities	651	770	-15.5%
Other liabilities	962	1,254	-23.3%
Provisions, taxes and staff severance pay	236	551	-57.1%
Equity	11,008	12,170	-9.6%
Total liabilities and equity	**235,025**	**227,054**	**3.5%**

Total funding as at 30 June 2010 came to more than €219 billion (+4% from the end of 2009). Within this aggregate, postal funding continued to grow (+3%

about from the end of 2009) thanks to the positive flow of net funding for CDP during the six-month period, with the stock, which comprises passbook savings accounts and postal savings bonds, surpassing €196 billion.

Also contributing to the balance of funding, albeit to a lesser extent, was funding from banks (which increased from over €2 billion to more than €4 billion), the rise in which is attributable to interbank funding and new draws on EIB lines of financing. Other components include funding from customers (the balance of which went from €9 billion to more than €10 billion) and funding from bonds, which increased due to new issues under the EMTN programme.

Liabilities held for trading and hedging derivatives posted an increase of more than €1.2 billion on the end of 2009, going from €1,675 million to €2,914 million. The aggregate includes the fair value (if negative) of derivative instruments used for hedging, including operational hedges that are not recognised as such for accounting purposes. The improvement recognised in respect of the fair value of the option component to be unbundled from the indexed bonds and *Premia* bonds only partially offset the decrease in the fair value of the derivatives hedging loans, as already noted in relation to the corresponding change in non-interest-bearing assets.

Accrued expenses, deferred income and other non-interest-bearing liabilities posted a decline from 2009 of about €120 million due to the reduction in certain liabilities to customers to be settled, the amount of which was only partially offset by an increase in the fair value of the funding being hedged.

The balance of other liabilities came to €962 million, a decrease of €292 million from the end of 2009. This change was due, in particular, to the net effect of the payment of the residual commissions due to Poste Italiane S.p.A. for 2009 in respect of remuneration of placement services and administrative and accounting services for postal savings, and the accrual of commissions for the first half of 2010. There was also a decline in taxes payable related to the discharge of the tax liability on tax-deferred reserves, recognised in 2009, following payment of the first instalment of the one-off special tax.

Provisions for contingencies, taxes and staff severance pay came to €236 million, a decline from the level at the end of 2009 due to payment of taxes related to the previous year.

Equity at the end of the first half of 2010 came to €11 billion, declining from the end of 2009 due mainly to the decrease in market value of the shares in Eni S.p.A. and Enel S.p.A. and, to a lesser extent, to the payment of dividends to shareholders, which was only partially offset by net income for the period.

3.1.3 BALANCE SHEET RATIOS

Main indicators (reclassified data)

	2010*	2009*
Loans to customers and banks/Total assets	37.8%	37.5%
Loans to customers and banks/Postal funding	45.3%	44.6%
Equity investments and shares / Equity	1.49x	1.50x
Gross bad debts and substandard loans / Gross loans to customers and banks	0.178%	0.183%
Net bad debts and substandard loans / Net loans to customers and banks	0.042%	0.041%
Net writedowns/ Net loans to customers and banks	0.000%	0.001%

* Annualised figures where material

In the first half of 2010, the rate of growth in loans to customers and banks was greater than the increase in funding from postal savings and in CDP's liquidity. This produced an increase in the ration of loan to total assets (+0.3%) and to postal funding (+0.7%). This performance was attributable to the significant level of new disbursements under the SME lending programme during the period.

The ratio of equity investments and shares to Company equity at the end of the period was essentially unchanged compared with that at the end of the previous year.

Finally, writedowns related to the deterioration in the credit quality of counterparties were virtually zero and concerned cases that were essentially unrelated to CDP's core lending activities.

3.2 RECLASSIFIED INCOME STATEMENT

3.2.1 FINANCIAL PERFORMANCE

The following analysis of CDP's financial performance is based on an income statement that has been reclassified on the basis of operational criteria, and specifically:

Reclassified income data

(millions of euros)

	30/06/2010	30/06/2009	% change
Net interest income	**769**	**1,309**	**-41.3%**
Dividends	724	566	28.0%
Net commissions	(334)	(448)	-25.4%
Other net revenues	23	(31)	n/s
Gross income	**1,182**	**1,396**	**-15.4%**
Net writedowns	0	-	n/s
Overheads	(37)	(34)	8.9%
of which: Administrative expenses	*(33)*	*(30)*	*10.4%*
Operating income	**1,150**	**1,367**	**-15.9%**
Net income	**991**	**1,039**	**-4.6%**

Net income at 30 June 2010 came to €991 million, a decline of 4.6% on the same period of 2009 (€1,039 million).
This decrease was due mainly to the significant contraction in the margin between lending and funding. As a result of the decline in market interest rates, lending rates fell more rapidly and substantially than the cost of funding.

Consequently, net interest income came to €769 million, a 41% decline from the same period of 2009.

Gross income also declined (-15%) to €1,182 million. The reduction was due to the decline in net interest income, which was only partially offset by the increase in dividends (+28%) and the reduction in commission expense on postal savings (-25% in net commission expense), which was due mainly to the new commission framework introduced with the 2010 agreement with Poste Italiane S.p.A. In addition, the net performance of hedging and trading activities also improved over 2009, which had been negatively influenced by the change in the net fair value of a number of hedges of postal savings bonds, which were then closed between the end of 2009 and early 2010, in addition to penalties for early loan repayment.

Overhead costs comprise staff costs and other administrative expenses, as well as writedowns of non-current assets.

Breakdown of overheads

(thousands of euros)

	30/06/2010	30/06/2009	% change
Staff costs	**19,643**	**17,549**	**11.9%**
Other administrative expenses	**12,989**	**12,017**	**8.1%**
Professional and financial services	2,644	2,117	24.9%
IT expenses	4,307	3,803	13.2%
General services	3,020	2,663	13.4%
Entertainment and marketing expenses	683	549	24.4%
Information resources and databases	788	649	21.3%
Utilities, taxes and other expenses	1,422	2,131	-33.2%
Corporate bodies expenses	125	105	19.2%
Total administrative expenses	**32,633**	**29,566**	**10.4%**
Net adjustments of non-current assets	4,477	4,510	-0.7%
Total	**37,109**	**34,076**	**8.9%**

The figures for the first half of 2010 show staff costs totalling about €20 million, an increase of 11.9% over the same period of 2009. This change was due in part to a natural rise in salary expense, particularly in consideration of the increase in the average number of CDP employees in 2010 compared with the first half of 2009.

Other administrative expenses, in the amount of about €13 million, rose somewhat (+8.1%) over 2009. This change was mainly the result of the start of a series of consulting services related to the design and implementation of new projects called for in the Business Plan associated with the use of professional IT application and systems services, in the presence of a different distribution of spending over the course of the two periods under review.

CDP's performance can also be analysed based on the contribution of each business unit to the main components of gross income, and specifically:

Reclassified income statement by business unit

(millions of euros)

	Public Entities	Facilitated Credit and Economic Support	Financing	Public Interest Lending	Corporate Centre	Total CDP
Net interest income	188	3	13	-	565	769
Gross income	189	3	16	1	972	1,182
Operating income	**186**	**2**	**15**	**1**	**945**	**1,150**

The greatest contribution comes from the Public Entities unit, which contributed about 24% of net interest income and more than 16% of total operating income. The contribution of the Facilitated Credit and Economic Support and Financing units is still limited. In the first half of 2010, the Public Interest Lending business unit made its first contribution to performance. Finally, the Corporate Centre unites the components of earnings attributable to equity investments, treasury operations and funding activities, as well as costs related to governance functions and other revenues and expenses not otherwise allocable.

Compared with the first half of 2009, the contribution of the Public Entities unit to total operating income increased (+2%), as did the contribution of the Financing unit, although the latter's impact remains limited. The reduction in the contribution of the Corporate Centre to operating income (from 85% in the first half of 2009 to 82% for the same period of 2010) is due to the reduction in treasury margin. Although volumes increased, the margin declined as a result of a reduction in the spread between the return on liquid assets and the cost of funding, which was only partially offset by the increase in dividends received from equity investments.

3.2.2 PERFORMANCE INDICATORS

Main indicators (reclassified data)

	2010*	2009*
Net interest income/Gross income	65.0%	93.8%
Net commissions/Gross income	-28.3%	-32.1%
Other revenues/Gross income	63.2%	38.3%
Commission expense/Postal funding	0.3%	0.5%
Spread interest-bearing assets - liabilities	0.8%	1.4%
Cost/income ratio	3.1%	2.4%
Cost/income ratio (including commission expense on postal funding)	24.8%	26.3%
Net income / Opening equity (ROE)	16.3%	21.4%
Net income / Average equity (ROAE)	17.1%	20.8%

* Annualised figures where material

Analysing these indicators, we see a significant drop in the contribution of net interest income to CDP revenues compared with the same period of 2009, which is due to the aforementioned contraction in the spread between lending and funding rates, which went from more than 140 basis points in the first half of 2009 to 80 basis points in 2010 due to the trend in market rates, which had an unbalanced impact on assets and liabilities (including funding from postal savings, on which rates are already at an all-time low).

As mentioned, the contraction in net interest income was only partially offset by the increase in gross income, in particular other revenues (with dividends leading the way within this aggregate).
We have also seen a slight deterioration in the indicators of operating efficiency from 2009, such as in the cost-to-income ratio, due to the decline in revenues and the increase in operating costs (which are largely fixed costs). However, this effect reverses if we also include postal savings management commissions, which declined compared with the same period of 2009.

Finally, for the first half of 2010, return on equity (ROE) declined from 2009 from 21.4% to 16.3%. The change in this ratio reflects both the decline in net income in the first half of 2010 compared with the same period of 2009 and the increase in equity posted at the end of 2009 due to changes in stock prices.

3.3 RECONCILIATION OF THE RECLASSIFIED FINANCIAL STATEMENTS

The following is a reconciliation between the financial statements required under Bank of Italy circular 262/2005, as amended, and the statements that have been reclassified on the basis of operational criteria.

These reclassifications mainly concerned:

- the allocation of interest-bearing amounts into separate aggregates from the non-interest items, regardless of the original account;
- the revision of the portfolios for IAS/IFRS purposes, reclassifying them into uniform aggregates by both product and area of business.

Balance sheet - Assets

(millions of euros)	30/06/2010	ASSETS - Reclassified schedules Cash and cash equivalents	Loans to customers and banks	Debt securities	Equity investments and shares	Assets held for trading and hedging derivatives	Property, plant and equipment and intangible assets	Accrued income, prepaid expenses and other non-interest-bearing assets	Other assets
ASSETS									
10. Cash and cash equivalents	117,333	116,212						1,122	
20. Financial assets held for trading	808					808			
40. Financial assets available for sale	13,398			1,559	11,831			8	
50. Financial assets held to maturity	525			500				25	
60. Loans to banks	8,014	5,674	2,322					17	
70. Loans to customers	89,237	0	86,491	379				2,367	
80. Hedging derivatives	380					380			
100. Equity investments	1,342				1,342				
110. Property, plant and equipment	202						202		
120. Intangible assets	6						6		
130. Tax assets	223								223
140. Non-current assets and disposal groups held for sale	3,185				3,185				
150. Other assets	372								372
Total assets	**235,025**	**121,886**	**88,814**	**2,438**	**16,358**	**1,189**	**208**	**3,539**	**595**

Balance sheet - Liabilities and equity

(millions of euros)	30/06/2010	LIABILITIES AND EQUITY - Reclassified schedules					
		Funding	Liabilities held for trading and hedging derivatives	Accrued expenses, deferred income and other non-interest-bearing liabilities	Other liabilities	Provisions for contingencies, taxes and staff severance pay	Equity
Liabilities and equity							
10. Due to banks	4,558	4,459		99			
20. Due to customers	103,575	103,470		105			
30. Securities issued	111,772	111,324		448			
40. Financial liabilities held for trading	734		734				
60. Hedging derivatives	2,116		2,116				
70. Adjustment of financial liabilities hedged generically	64		64				
80. Tax liabilities	233					233	
100. Other liabilities	962				962		
110. Staff severance pay	1					1	
120. Provisions	3					3	
130. Valuation reserves	283						283
160. Reserves	6,234						6,234
180. Share capital	3,500						3,500
200. Net income for the period	991						991
Total liabilities and equity	**235,025**	**219,254**	**2,914**	**651**	**962**	**236**	**11,008**

4. OPERATING PERFORMANCE

4.1 FINANCING ACTIVITIES AND FINANCIAL SERVICES

4.1.1 PERFORMANCE OF THE LOAN PORTFOLIO – PUBLIC ENTITIES

FINANCING OF PUBLIC ENTITIES AND PUBLIC-LAW BODIES

The Public Entities unit is responsible for lending to public entities and public-law bodies, using standardised products, offered in compliance with the principles of accessibility, uniformity in treatment, pre-specification of terms and non-discrimination, in implementation of the statutory mission of CDP's Separate Account.

The main credit products that the Public Entities unit provides continue to include: ordinary loans and flexible specific-purpose loans for local authorities; loans without a pre-repayment grace period disbursed in one or more instalments for regional governments; real estate and unsecured loans for other non-territorial public entities. The flexible loan has also been revised in order to meet borrower's needs more effectively.

For the first half of 2010, the performance of the Public Entities unit is summarised in the following highlights from the reclassified balance sheet and income statement, together with a number of key indicators.

Public Entities - Highlights

(millions of euros; %)	2010	2009
BALANCE SHEET (balances at 30 June 2010 and 31 December 2009)		
Loans to customers and banks	82,564	80,788
Amounts to disburse on loans in repayment	10,404	9,143
Commitments to disburse funds (off-balance-sheet)	5,959	9,026
INCOME DATA (accruing in 1st half of 2010 and 2009)		
Net interest income	188	199
Gross income	189	200
Operating income	186	196
INDICATORS		
Credit risk ratios (balances at 30 June 2010 and 31 December 2009)		
Gross bad debts and substandard loans / Gross loans to customers and banks	0.080%	0.083%
Net writedowns/ Net loans to customers and banks	(0.000%)	0.001%
PERFORMANCE RATIOS (%) (annualised, where material, on the basis of accruals for 1st half)		
Spread interest-bearing assets - liabilities	0.5%	0.5%
Cost/income ratio	2.0%	2.3%
MARKET SHARE *	42.3%	41.9%

** The market share for 2010 is at 31 May.*

As at 30 June 2010, loans to customers and banks totalled €82,564 million, including adjustments for IAS/IFRS purposes, an increase of 2.2% from the end of 2009 (€80,788 million). This change was due to the start of repayment periods on previously granted loans, which more than offset the amount of debt repaid during the period.

Including commitments to disburse funds, excluding IAS/IFRS adjustments, the total stock came to €87,309 million, down from €88,617 million at the end of 2009 due to the limited volumes of new lending during the period, which only partially offset the repayment of debt.

Public Entities - Stock of loans to customers and banks by product

(millions of euros)

Product	30/06/2010	31/12/2009	% change
Specific-purpose loans	80,434	78,671	2.2%
Advances	14	16	-14.9%
Securities	902	904	-0.3%
Total amounts disbursed or in repayment	**81,349**	**79,591**	**2.2%**
IAS/IFRS adjustments	1,214	1,197	1.5%
Total loans to customers and banks	**82,564**	**80,788**	**2.2%**
Total amounts disbursed or in repayment	**81,349**	**79,591**	**2.2%**
Commitments to disburse funds (off-balance-sheet)	5,959	9,026	-34.0%
Total loans (including commitments)	**87,309**	**88,617**	**-1.5%**

At the end of May 2010, CDP overall market share came to 42.3%, compared with 41.9% at the end of 2009. The segment concerned remains the overall debt of local and regional authorities and loans with repayment charged to central government. Market share is measured based on actual amounts disbursed, which, for CDP, is equal to the difference between loans to customers and banks and amounts to be disbursed on loans being repaid. The change in market share confirms the improved performance of CDP compared with the rest of the market in terms of new disbursements.

Loan amounts to be disbursed, including commitments, declined by about 10% compared with the end of 2009 (from €18,169 million to €16,364 million), given that amounts disbursed during the first half of the year were substantially greater than the amount of new loans granted.

Public Entities - Stock of amounts to disburse

(millions of euros)

	30/06/2010	31/12/2009	% change
Amounts to disburse on loans in repayment	10,404	9,143	13.8%
Commitments to disburse funds	5,959	9,026	-34.0%
Total amounts to disburse (including commitments)	**16,364**	**18,169**	**-9.9%**

During the first half of the year, new lending posted a decline compared with the same period of 2009, going from €1,477 million to €368 million (-75%). However, this figure must be seen in the context of the seasonal behaviour of lending volumes, which are typically low during the period under review, with new lending expected to be concentrated in the latter months of 2010.
It should also be noted that new lending for the first half of 2009 benefited from the awarding of a large tender for loans with repayment charged to central

government in the amount of €817 million. Net of this amount, the decline for the first half of 2010 compared with the same period of 2009 would only be around 40%.

In addition to loans with repayment charged to central government (which went from €848 million in 2009 to €31 million in 2010), loans granted to major local authorities and other territorial entities also declined (from €625 million to €263 million). The decrease was only partially offset by the greater contribution of non-territorial public entities, which increased by €72 million compared with 2009, from €3 million to €75 million.

Public Entities - Flow of new loans by type of beneficiary

(millions of euros)

	1st half 2010	1st half 2009	% change
Regions	-	-	n/s
Major local authorities	85	286	-70.3%
Other territorial entities	178	339	-47.5%
Non-territorial public entities	75	3	n/s
Total	**338**	**629**	**-46.3%**
Loans with repayment charged to state	31	848	-96.4%
Total	**368**	**1,477**	**-75.1%**

A breakdown of financing by type of project shows that loans were mainly granted for public and social building (37% of the total, compared with 6% for the first half of 2009), road and transport projects (20% of the total, compared with 23% a year earlier), and school and university building (15% of the total, compared with 7% in 2009).

Public Entities - Flow of new loans by purpose

(millions of euros)

	1st half 2010	1st half 2009	% change
Public and social building	137	92	48.7%
School and university building	55	97	-42.8%
Sports, recreational and lodging facilities	16	28	-43.6%
Healthcare building	10	0	n/s
Natural disaster restoration works	15	-	n/s
Road and transport	72	343	-79.0%
Water projects	4	5	-16.6%
Sanitation projects	7	16	-55.6%
Energy projects	22	16	39.3%
Other public works	7	21	-65.9%
Loans for sundry projects *	22	856	-97.4%
Total investments	**368**	**1,474**	**-75.0%**
Recognised off-balance-sheet liabilities and other liabilities	0	3	-86.4%
Total	**368**	**1,477**	**-75.1%**

** Also includes loans for major public works not included in the other categories*

Loan disbursements totalled €2,129 million, which was essentially in line with the same period of 2009 (-2%).

Regarding other financing within the Public Entities unit, the carrying amount of advances came to €14 million, compared with €16 million at the end of 2009. This figure has been adjusted in consideration of the transfer of the Demolition Fund product to the Public Entities unit as of 1 January 2010. Therefore, advances include amounts disbursed from the Revolving Fund for Project Development, the balance of which went from €15 million at the end of 2009 to €13 million as at 30 June 2010, and from the Demolition Fund, with the balance of disbursements remaining stable at less than €1 million.

The loan portfolio of the Public Entities unit also includes the subscription of securities issued by public entities and other public-law bodies as an alternative to specific-purpose loans. At 30 June 2010, the stock of such securities totalled €902 million, essentially unchanged from the end of 2009 (-0.3%).

In terms of the Public Entities unit's contribution to CDP's performance in the first half of 2010, net interest income for the unit declined slightly, from €199 million for the first half of 2009 to €188 million in 2010. Adding commission income for the unit (in the amount of about €2 million for both 2009 and 2010), gross income totalled €189 million (€200 million in 2009), accounting for 16% of the total for CDP. Taking account of overheads specific to the Public Entities unit, its overall contribution to income decreases to €186 million, compared with €196 million for the same period of 2009.

Translating this performance in terms of the spread between interest-bearing assets and interest-bearing liabilities, the margin came to 50 basis points, essentially unchanged with respect to the first half of 2009; for CDP as a whole the spread was 80 basis points.
The cost-to-income ratio for the unit thereby comes to 2%, an improvement from the 2.3% of 2009. By comparison, the same figure for CDP as a whole was 3.1%.

Finally, the credit quality of the Public Entities unit's loan portfolio showed a low level of problem positions, registering an additional slight decline compared with 2009.

Customer-related initiatives promoted during the first half of 2010 included a new programme for entities affected by the earthquake of 6 April 2009, in accordance with Article 1.2 of Decree Law 39/2009, in the region of Abruzzo, the province of L'Aquila, and the other public entities and public-law bodies located in the areas concerned. Given the financial difficulties being experienced by such entities, CDP has granted a further interest-free deferment for instalments due in 2010.

RATE POLICY

In the first half of 2010, the policy for setting interest rates for Separate Account financing continued to follow the line set down in previous years, which were introduced following the transformation of CDP into a joint-stock company and the issuance of the decree of the Ministry for the Economy and Finance of 6 October 2004, based on which the terms applied to the financial products under the Separate Account were adjusted to market conditions rapidly and flexibly, within the scope of the guidelines established for such purpose.

In June and July 2010, two new notices were issued by the Ministry for the Economy and Finance that reset the global annual cost of loans with repayment charged to central government of up to about €52 million. This represents the maximum rate that CDP can charge on the loans we grant. More specifically, for the same loan maturity bands and parameters, the new notices updated the spreads that can be applied both to fixed-rate and floating-rate loans compared with the levels established in the notice issued at the end of 2009. These changes involved an average increase in maximum interest rates and spreads.

The interest rates and spreads for all products offered by CDP were updated, generally on a weekly basis and, in any event, maintaining the method adopted in the past. This made it possible to ensure consistency among the financial conditions offered for each type of product, while complying with applicable regulations. During the first half of the year, CDP also conducted *ad hoc* pricings that were financially equivalent to those for standard loans for the purpose of participating in calls for tender for the assignment of financing with costs borne by the state, taking due account of the various financial structures and the type of borrower.

REAL ESTATE SERVICES

During the first half of 2010, CDP continued to support local authorities through new instruments designed to raise financial resources without resorting to new debt. This is achieved through programmes to develop and/or sell real estate assets that are not used by the authorities themselves.

During the previous year, an autonomous Real Estate unit was created with the mission of assisting public entities with the technical, financial, administrative and procedural aspects needed to manage the projects. With the latest reorganisation efforts, this unit has been folded into the Public Entities unit.

For the current year, CDP's assistance efforts were again centred around the signing of specific protocols of understanding. After previous experiences of assisting municipal governments, on 27 May 2010 a protocol of understanding was signed with the City of Catania for the development of its real estate portfolio. Under the protocol, CDP and the City of Catania will create a joint working group that will assist the city in the decision-making process to leverage its property portfolio. In particular, a study will be conducted to assess the strategic options available, including the use of a real estate investment fund. In this case, CDP would assist local officials in implementing the project.

4.1.2 PERFORMANCE OF THE LOAN PORTFOLIO – FACILITATED CREDIT AND ECONOMIC SUPPORT

The Facilitated Credit and Economic Support unit is responsible for managing subsidised credit instruments established by specific legislation and economic support instruments developed by CDP.

More specifically, subsidised loans primarily draw on CDP resources (the Revolving Fund to support enterprises and research investment), while also taking advantage, to a residual extent, central government funding (Territorial Agreements and Area Contracts, Low Environmental Impact Vehicles Fund). For economic support in 2009, the funds available to banks were activated for loans to SMEs and for the reconstruction of the areas hit by the earthquake in Abruzzo.

Following the recent reorganisation, the Facilitated Credit and Economic Support unit is also responsible for managing the financing of the international expansion and export operations of Italian businesses and their foreign subsidiaries (the “export-bank” system supporting SACE) and for issuing guarantees to private and public entities involved in the construction or operation of works (the Public Works Guarantee Fund – FGOP). Thus far, no operations have been carried out using these indirect support instruments.

In this context, CDP acts as a vehicle of aid and incentives from the public sector to the private sector, while also providing broader support to the economy through the banking industry.

The following are the financial highlights for 2010 for the Facilitated Credit and Economic Support unit, summarised in the balance sheet and income statement reclassified on an operational basis, together with a number of indicators.

Faciliated Credit and Economic Support - Highlights

(millions of euros; %)

	2010	2009
BALANCE SHEET (balances at 30 June 2010 and 31 December 2009)		
Loans to customers and banks	2,570	1,054
Amounts to disburse	36	47
Commitments to disburse funds (off-balance-sheet)	3,316	2,596
INCOME DATA (accruing in 1st half of 2010 and 2009)		
Net interest income	3	2
Gross income	3	2
Operating income	2	1
INDICATORS		
Credit risk ratios (balances at 30 June 2010 and at 31 December 2009)		
Gross bad debts and substandard loans / Gross loans to customers and banks	0.200%	0.269%
Net writedowns/ Net loans to customers and banks	(0.001%)	0.010%
PERFORMANCE RATIOS (%) (annualised, where material, on the basis of accruals for 1st half)		
Spread interest-bearing assets - liabilities	0.3%	0.4%
Cost/income ratio	31.9%	60.8%

In February 2010, a new agreement was signed by CDP and the Italian Banking Association (ABI) that establishes the criteria for allocating and using the second tranche of €5 billion. This new tranche was increased with the remaining funds of the first €3 billion tranche as at 28 February 2010. Thanks to this new agreement, banks have been able to sign new financing agreements with CDP and avoid interruptions in the disbursement of financing to businesses.

As regards the loan portfolio of the unit, the stock of loans to customers and banks at 30 June 2010 came to €2,570 million, more than double the balance at the end of 2009 (€1,054 million), thanks specifically to the contribution of the new instruments to support the economy.
More specifically, the stock of loans disbursed to SMEs came to €1,585 million, while the stock of loans for earthquake reconstruction in Abruzzo totalled €253 million. For the Revolving Fund to support enterprises and research investment (FRI), the amount disbursed as at the end of June came to €658 million.

Facilitated Credit and Economic Support - Stock of loans to customers and banks by product

(millions of euros)

	30/06/2010	31/12/2009	% change
FRI loans	658	556	18.2%
SME loans	1,585	414	282.8%
Abruzzo earthquake reconstruction loans	253	6	n/s
Intermodal systems loans (article 38, paragraph 6, Law 166/02)	77	79	-3.4%
Total amounts disbursed or in repayment	**2,573**	**1,056**	**143.6%**
IAS/IFRS adjustments	(3)	(2)	30.3%
Total loans to customers and banks	**2,570**	**1,054**	**143.8%**
Total amounts disbursed or in repayment	**2,573**	**1,056**	**143.6%**
Commitments to disburse funds	3,316	2,596	27.7%
Total loans (including commitments)	**5,889**	**3,652**	**61.3%**

There was a substantial increase in amounts to be disbursed, including commitments, driven by new lending, particularly in respect of new products, which more than offset the flow of new disbursements. As a result, the stock of amounts to be disbursed went from more than €2.5 billion to over €3.3 billion at the end of June 2010.

Facilitated Credit and Economic Support - Stock of amounts to disburse

(millions of euros)

	30/06/2010	31/12/2009	% change
Amounts to disburse *	36	47	-23.4%
Commitments to disburse funds	3,316	2,596	27.7%
Total amounts to disburse (including commitments)	**3,352**	**2,643**	**26.8%**

* State funds managed by CDP

New lending during the period was accounted for by loans granted through the economic support mechanisms in the amount of €2,444 million, of which €2,150 million related to loans to small and medium-sized enterprises and €294 million to loans for reconstruction in the areas affected by the Abruzzo earthquake. In addition, €71 million was channelled through the FRI and €76 million through disbursements of central government funds, bringing the total for the first half of the year to €2,590 million.

The significant increase compared with the same period of the previous year is attributable to the implementation of economic support mechanisms, which were not yet available in the first half of 2009.

Facilitated Credit and Economic Support - Flow of new loans by product

(millions of euros)

	1st half 2010	1st half 2009	% change
FRI loans	71	177	-60.1%
SME support loans	2,150	-	n/s
Abruzzo earthquake reconstruction loans	294	-	n/s
State funds managed by CDP	76	73	3.8%
Total	**2,590**	**250**	**n/s**

Of the new lending, a total of €1,743 million were disbursed during the first half of the year, largely in respect of loans to SMEs.

Facilitated Credit and Economic Support - Flow of disbursements by product

(millions of euros)

	1st half 2010	1st half 2009	% change
FRI loans	127	72	75.4%
SME loans	1,292	-	n/s
Abruzzo earthquake reconstruction loans	248	-	n/s
State funds managed by CDP	76	73	3.8%
Total	**1,743**	**146**	**n/s**

In terms of the Facilitated Credit and Economic Support unit's contribution to CDP's performance in the first half of 2010, net interest income for the unit increased from about €2 million in the first half of 2009 to over €3 million in 2010, although its contribution to overall income for CDP remains limited. Taking account of overheads specific to the Facilitated Credit and Economic Support unit, the unit's overall contribution to income falls to more than €2 million, but remains about €1 million higher than for the same period of 2009.

Translating this performance in terms of the spread between interest-bearing assets and interest-bearing liabilities, the margin comes to 30 basis points, compared with 40 basis points for 2009; the corresponding figure for CDP as a whole for the first half of 2010 is 80 basis points.
The cost-to-income ratio for the unit thereby comes to 32%, compared with 61% in 2009 and 3.1% for CDP as a whole.

Finally, regarding the credit quality of the loan portfolio for the Facilitated Credit and Economic Support, there was an increase, in absolute terms, in the number of bad debts and substandard loans. However, as a proportion of loans to customers and banks, the overall position has improved compared with the previous year. Problem loans are related solely to FRI loans, for which CDP will, in any event, benefit from central government's guarantee of last resort.

Although actual lending has yet to begin, in the first part of the year work continued on preparing activation of the Public Works Guarantee Fund (FGOP) and the export-bank system.

The FGOP currently has total resources of €2 billion and is intended to be used to issue guarantees totalling up to an estimated €20 billion.

The objective of the fund is to issue guarantees in favour of both public and private-sector entities involved in building and operating public works in order to safeguard the financial equilibrium of the projects. This guarantee is given in respect of obligations undertaken by a given contracting authority in accordance with an agreement for the granting of the concession for the construction and operation of infrastructure works, including works on which construction is already under way.

As of the end of the first half of the year, initial processing of applications for guarantees for motorway projects was under way.

As regards the export-bank system, the agreement with SACE S.p.A. was signed in February 2010. This system makes it possible to finance the international expansion and export operations of Italian businesses and their foreign subsidiaries at competitive costs, as well as other operations of strategic importance to Italy's economy in terms of economic security and the stimulation of production and employment.

The agreement establishes the type of operations that fall within SACE's scope of business that can be financed by CDP, as well as the procedures for joint action, and provides for CDP to provide banks with the funds needed to finance eligible operations, on the condition that they are insured or guaranteed by SACE. The agreement also establishes that CDP may finance, either directly or through SACE and including by way of subscription of bonds, operations with a value of more than €25 million in the event that the banking system is unable to do so given the timing or size of the operations or when such operations are of strategic importance to the country. This, too, is subject to SACE issuing guarantees or insurance to back CDP's financing.

4.1.3 Performance of the loan portfolio – Public Interest Lending

The operations of the Public Interest Lending unit (formerly the Project Finance unit) concern CDP's direct involvement in financing projects of general public interest sponsored by public entities. Within this context, CDP acts as a long-term player, verifying the financial sustainability of the related projects.

In the first half of 2010, the unit completed the second transaction since the start of operations. The transaction was carried out with Satap S.p.A., a company involved in the construction and management of motorways, in the amount of €450 million, to be repaid by December 2024.
This transaction joins the first carried out at the end of 2009 with Autostrade per l'Italia S.p.A. in the amount of €1 billion, half of which backed by a SACE guarantee.

During the first half of 2010, the unit still made only a limited contribution (more than €1 million) to CDP income. This came from commissions on new transactions in the unit's portfolio net of overheads for the period.

4.1.4 PERFORMANCE OF THE LOAN PORTFOLIO – FINANCING

Operations of the Financing unit (formerly the Enterprises unit) regard the financing, on a project or corporate finance basis, of investments in works, plant, infrastructure and networks to be used to deliver public services or in reclamation projects (water sector - integrated water services, gas transport and distribution networks, local and national transportation networks, and the production, transport and distribution of energy).

The following are the financial highlights for 2010 for the unit, summarised in the balance sheet and income statement reclassified on an operational basis, together with a number of indicators.

Financing - Highlights

(millions of euros; %)

	2010	2009
BALANCE SHEET DATA (balances at 30 June 2010 and 31 December 2009)		
Loans to customers and banks	3,680	3,336
Commitments to disburse and guarantees (off-balance-sheet)	1,410	1,401
INCOME DATA (accruing in 1st half of 2010 and 2009)		
Net interest income	13	6
Gross income	16	9
Operating income	15	8
INDICATORS		
Credit risk ratios (balances at 30 June 2010 and at 31 December 2009)		
Gross bad debts and substandard loans / Gross loans to customers and banks	-	-
Net writedowns/ Net loans to customers and banks	-	-
PERFORMANCE RATIOS (%) (annualised, where material, on the basis of accruals for 1st half)		
Spread interest-bearing assets - liabilities	0.7%	0.6%
Cost/income ratio	3.2%	11.7%
MARKET SHARE *	5.7%	5.0%

** The market share for 2010 is at 31 May.*

As at 30 June 2010, the stock of loans disbursed reached €3,680 million, including IAS/IFRS adjustments, an increase of more than 10% from the end of 2009 (€3,336 million) due, in particular, to a loan agreed and almost entirely disbursed in the first half of 2010.

As at the same date, loans granted came to €5,047 million, an 8% increase over 31 December 2009 (€4,691 million). This figure also includes disbursement commitments and guarantees.

Loans - Stock of loans to customers and banks

(millions of euros)

	30/06/2010	31/12/2009	% change
Project finance	233	193	20.9%
Corporate finance	3,353	3,047	10.1%
Securities	50	50	0.0%
Total amounts disbursed or in repayment	**3,637**	**3,290**	**10.5%**
IAS/IFRS adjustments	43	46	-7.0%
Total loans to customers and banks	**3,680**	**3,336**	**10.3%**
Total amounts disbursed or in repayment	**3,637**	**3,290**	**10.5%**
Commitments to disburse and guarantees	1,410	1,401	0.6%
Total loans (including commitments)	**5,047**	**4,691**	**7.6%**

This line of business involves medium and long-term lending by banks and by CDP to non-financial companies in specific industries (public works, transport equipment, energy projects, transport services, and land, sea and air transport).[18] As at 31 May 2010, CDP's overall market share in this segment reached 5.7%, compared with 5% at the end of 2009, as the Company's loan portfolio continues to grow at a more rapid pace than the market average.

During the first half of the year, new loans totalling €419 million were agreed, a significant decline from the level achieved for the same period of 2009 (€1,402 million). However, the 2009 figure was mainly accounted for by two very large transactions. The new lending concerned new corporate investments by enterprises in the high-speed/high-capacity rail transport segment, in addition to new project finance initiatives in the areas of public works and energy projects.

Loans - Flow of new loan agreements

(millions of euros)

	1st half 2010	1st half 2009	% change
Project finance	52	21	151.6%
Corporate finance	367	1,381	-73.4%
Total	**419**	**1,402**	**-70.1%**

Disbursements for the first half of the year in respect of new loans and those from previous years totalled €417 million (+10% compared with the same period of 2009). Here, too, the greatest increase came in the form of corporate finance.

Loans - Flow of new disbursements

(millions of euros)

	1st half 2010	1st half 2009	% change
Project finance	54	65	-17.8%
Corporate finance	363	314	15.7%
Total	**417**	**379**	**9.9%**

In terms of the Financing unit's contribution to CDP's performance for the first half of 2010, net interest income for the unit doubled, from €6 million in the first half of 2009 to €13 million in 2010. Adding commission income for the unit (in the amount of €3 million for both 2009 and 2010), gross income totalled €16 million (€9 million in 2009). This positive performance was due to an increase both in volumes and in the spread between lending rates and funding costs.

[18] See Bank of Italy, *Supplemento al Bollettino Statistico*

Taking overheads specific to the Financing unit into account, the unit's contribution to total income was more than €15 million, €8 million higher than for the same period of 2009.

Translating this performance in terms of the spread between interest-bearing assets and interest-bearing liabilities, the margin came to 70 basis points, compared with 60 basis points for 2009; by comparison, the figure for CDP as a whole in the first half of 2010 was 80 basis points.
The cost-to-income ratio for the unit thereby comes to 3.2%, down from the 11.7% of 2009. The figure for CDP as a whole is 3.1%.

Finally, the Financing unit's loan portfolio has no problem positions.

4.2 TREASURY AND FUNDING ACTIVITIES

4.2.1 TREASURY MANAGEMENT AND SHORT-TERM FUNDING

With regard to the investment of financial resources, provided below are the aggregates related to cash and cash equivalents, along with an indication of the alternative forms of investing financial resources, such as debt securities not related to customer financing activities.

Stock of investments of financial resources

(millions of euros)

	30/06/2010	31/12/2009	% change
Cash and cash equivalents	121,886	118,380	3.0%
- Treasury current account, other liquidity and deposits - Separate Account	*116,212*	*113,330*	*2.5%*
- Reserve requirement	*3,843*	*3,701*	*3.8%*
- Deposits (assets) - Ordinary Account	*88*	*441*	*-80.0%*
- Deposits (assets) on Credit Support Annex transactions	*1,743*	*908*	*92.0%*
Debt securities	2,438	692	252.5%
- Separate Account	*2,388*	*692*	*245.3%*
- Ordinary Account	*49*	*-*	*n/s*
Total	**124,323**	**119,071**	**4.4%**

Stock of short-term funding from banks

(millions of euros)

	30/06/2010	31/12/2009	% change
Deposits and repurchase agreements - Separate Account	2,221	141	n/s
Deposits and repurchase agreements - Ordinary Account	269	450	-40.2%
Deposits (liabilities) on Credit Support Annex transactions	609	625	-2.6%
Total	**3,099**	**1,217**	**154.7%**
Net interbank position - Ordinary Account	-132	-10	n/s
Net deposits on Credit Support Annex transactions	1,134	283	301.0%

At 30 June 2010, the balance on the current account with the Central State Treasury, where CDP funding through the Separate Account is deposited, came to €116 billion, an increase of 2.5% over the same figure for 2009 (€113 billion). Most of the change was due to the increase in net funding from postal savings products and the interbank treasury position.

The reserve requirement, to which CDP has been subject since 2006, came to €3,843 million at 30 June 2010, an increase of 3.8% over 2009 (about €3,701 million). Here, too, the increase was due mainly to the significant increase in postal savings.

Regarding the deposits in respect of transactions supported by Credit Support Annexes (CSA), which were established under guarantee agreements to limit the counterparty risk associated with transactions in derivative instruments, there was a net creditor balance of €1,134 million, an increase from the balance posted at the end of 2009 (€283 million) due to the change during the first half of the year in the fair value of the derivative instruments associated with these deposits.

For treasury management operations under the Ordinary Account, CDP uses money market instruments such as current accounts and repurchase agreements in order to optimise the timing of medium and long-term funding. In order to invest any excess liquidity at short term, CDP also uses government securities. The net negative position as at 30 June 2010 expanded further to -€132 million, compared with -€10 million at the end of 2009.

For the Separate Account, during the first half of 2010, a small portion of cash was invested in a portfolio of government securities, which posted a net change of €1.3 billion, as well as existing investments totalling about €234 million. During the same period, CDP also continued to purchase new inflation-linked bonds to hedge the inflation indexing component of inflation-linked postal savings bonds. At 30 June, the stock of this form of investment came to €854 million. Many of these securities are financed on the market using short-term funding from repurchase agreements, which totalled €2,221 million, compared with €141 million at the end of 2009.

4.2.2 DEVELOPMENTS IN MEDIUM AND LONG-TERM FUNDING

With regard to funding under the Separate Account other than postal savings, no new issues were made as part of the covered bond programme in the first half of 2010.
Repayment of the bonds is secured by assets and rights in the segregated asset pool established pursuant to Article 5.18 of Decree Law 269/2003; these and the debt covered by the assets are shown separately in the CDP S.p.A. financial statements.

As regards funding not backed by state guarantee, which falls under the Ordinary Account, a new yen-denominated issue was carried out under the Euro Medium-Term Notes programme. The bond was transacted at the end of 2009 but took effect in January 2010, with a total nominal value of ¥13 billion (about €102 million once hedged). It has a term of 5 years and a coupon of 0.93%.

In April, a new floating-rate bond in euros was issued. It has a nominal value of €150 million, a term of 5 years and a coupon of 3-month Euribor plus 55 basis points. Finally, during the same period, maturing securities were redeemed in the amount of €150 million.

During the first half of the year, CDP also requested and obtained a new disbursement on credit facilities granted by the EIB in the amount of €100 million with a term of 20 years.

Both the funds raised through EMTN issues and the funding related to EIB financing continue to be used for infrastructure financing under the Ordinary Account.

4.2.3 DEVELOPMENTS IN POSTAL SAVINGS

At 30 June 2010, the total stock of postal savings, including passbook savings accounts and postal savings bonds pertaining to CDP S.p.A., came to €196,070

million, compared with €190,785 million at the end of 2009, an increase of about 3%.
More specifically, the carrying amount of postal passbook savings accounts reached €93,057 million, while postal savings bonds, which are measured at amortised cost, came to €103,013 million (+2.1% and +3.4%, respectively, from 31 December 2009).

Stock of postal savings

(millions of euros)

	30/06/2010	31/12/2009	% change
Postal passbook savings accounts	93,057	91,120	2.1%
Postal savings bonds	103,013	99,665	3.4%
Total	**196,070**	**190,785**	**2.8%**

The increase in postal savings came from the net new funding recorded during the first half of the year on both passbook savings and savings bonds pertaining to CDP, totalling €3,940 million plus accrued interest.

More specifically, net funding from passbooks was a positive €1,638 million, although this represents a decline from the levels posted for the same period of 2009, when net funding reached €3,881 million. However, the substantial flow of new funding in the first half of 2009 was due to the recovery of a portion of the funding not accomplished in 2008, when the targets specified in the agreement with Poste Italiane S.p.A. were not achieved in full.

Passbook savings accounts

(millions of euros)

	Net funding 30/06/2010	Net funding 30/06/2009	% change
Registered passbook accounts	1,666	3,895	-57.2%
Bearer passbook accounts	-27	-15	88.9%
Total	**1,638**	**3,881**	**-57.8%**

Gross subscriptions of postal savings bonds in the first half of 2010 came to €11,870 million, an increase over the same period of 2009, when subscriptions reached €11,039 million. The rise was again due to ordinary interest-bearing bonds (46% of total subscriptions) and inflation-linked bonds (25% of total subscriptions for the period).
Net funding through CDP bonds came to a positive €2,302 million, a decline of 22% from 2009. For MEF bonds, on the other hand, redemptions came to €4,492 million, compared with €3,381 million for the same period of 2009. These figures

show that the rate of conversion of total redemptions (CDP+MEF) into new CDP subscriptions has declined from the first half of 2009, given that the increase in redemptions did translate into a corresponding increase in subscriptions.

Postal savings bonds - Total net funding (CDP+MEF)

(millions of euros)

	CDP Subscriptions	CDP Redemptions	MEF Redemptions	Net funding 30/06/2010	Net funding 30/06/2009	% change
Ordinary bonds	5,468	3,155	2,488	-175	-1,370	-87.2%
Fixed-term bonds	1 *	288	2,004	-2,292	-1,771	29.4%
Indexed bonds	587	297	-	291	503	-42.2%
Premia bonds	1,268	332	-	936	1,093	-14.4%
Inflation indexed bonds	2,962	1,444	-	1,518	1,653	-8.1%
Bonds for minors	331	39	-	292	318	-8.0%
18-month bonds	1,252	4,012	-	-2,760	-845	226.7%
Total	**11,870**	**9,568**	**4,492**	**-2,190**	**-420**	**421.8%**

* The figure regards recovery of amounts in respect of old subscriptions of postal savings bonds

Indeed, total net funding from interest-bearing bonds (CDP+MEF) in the first half of 2010 was negative at €2,190 million, compared with the negative €420 million in the same period of 2009.

Thus, CDP net funding came to a positive €3,940 million, although this is 42% lower than in the same period of 2009 when, as mentioned, there was a significant level of positive net funding through passbook savings accounts. As a result, overall net funding from postal savings (CDP+MEF) came to a negative €552 million.

Total net postal savings funding (CDP+MEF)

(millions of euros)

	Net funding 30/06/2010	Net funding 30/06/2009	% change
Postal savings bonds	-2,190	-420	421.8%
- of which: pertaining to CDP	*2,302*	*2,961*	*-22.3%*
- of which: pertaining to MEF	*-4,492*	*-3,381*	*32.9%*
Passbook savings accounts	1,638	3,881	-57.8%
CDP Net funding	3,940	6,842	-42.4%
MEF Net funding	-4,492	-3,381	32.9%
Total	**-552**	**3,461**	**n/s**

On 10 March 2010, a new agreement was reached between CDP and Poste Italiane for 2010. The accord establishes the remuneration payable to Poste Italiane S.p.A. for the current year for the placement and administration of postal savings products.

The structure of this new agreement, which is similar to the one in effect in 2009, ties the remuneration payable to Poste Italiane to the level of total net funding at year end. Compared with the agreement for 2009, another intermediate bracket of total net funding was introduced, as was a bonus tied to the achievement of certain targets in the composition of gross funding with bonds and a different method for determining the remuneration rate on average levels of passbook savings deposits.

4.3 EQUITY INVESTMENTS

At 30 June 2010, equity investments and shares totalled €16,358 million. The balance consists of the value of the portfolio of equity investments, equal to €16,290 million, and of mutual funds and investment vehicles, which totalled €68 million.

4.3.1 EQUITY INVESTMENTS

The carrying amount of equity investments at 30 June 2010 declined by €1,914 million (-11%) from 31 December 2009. This change was mainly due to the lower market value of the shareholdings in Eni S.p.A. and Enel S.p.A. at the end of the period, which was only partially offset by writeback of ST Holding following the increase in the market price of that company's shares.

Equity investments

(thousands of euros)

	31/12/2009		Change		30/06/2010	
	% holding	Book value	from inv./disinv. (*)	from measurement	% holding	Book value
A. Listed companies						
1 Eni S.p.A.	9.99%	7,125,132	-	(1,044,753)	9.99%	6,080,380
2 Enel S.p.A.	17.36%	6,608,047	-	(910,188)	17.36%	5,697,859
3 Terna S.p.A.	29.99%	1,315,200	-	-	29.94%	1,315,200
B. Unlisted companies						
1 Poste Italiane S.p.A.	35.00%	2,518,744	-	-	35.00%	2,518,744
2 STMicroelectronics Holding N.V.	50.00%	625,990	-	40,434	50.00%	666,423
3 SINLOC S.p.A.	11.85%	5,507	-	-	11.85%	5,507
4 F2i SGR S.p.A.	14.29%	2,143	(289)	-	14.29%	1,854
5 Istituto per il Credito Sportivo	21.62%	2,066	-	-	21.62%	2,066
6 CDP Investimenti SGR S.p.A.	70.00%	1,400	-	-	70.00%	1,400
7 Fondo Italiano d'Investimento SGR S.p.A.			500	-	14.29%	500
8 Europrogetti & Finanza S.p.A. in liquidation	31.80%	-	-	-	31.80%	-
9 Tunnel di Genova S.p.A.	33.33%	-	-	-		
Total		**18,204,228**	**211**	**(1,914,507)**		**16,289,933**

(*) Increase/decrease in equity investment

During the first half of 2010, the portfolio of CDP S.p.A. equity investments changed following: i) the disposal without consideration of the interest previously held in Tunnel di Genova S.p.A. (which had no impact on profit or loss as the investment had already been written down in full); ii) the reimbursement by F2i SGR S.p.A. of part of the reserves initially paid in; iii) the establishment of Fondo Italiano di Investimento SGR S.p.A. to manage an investment fund for the recapitalisation of Italian small and medium-sized enterprises, of which CDP has subscribed a stake of 14.29%.

The current portfolio of equity investments held by CDP S.p.A. can be classified for the purposes of the separate financial statements as follows:

- the investments in Terna S.p.A. and in CDP Investimenti SGR S.p.A. are classified as investments in subsidiaries and carried at purchase cost, net of writedowns;
- the investments in Poste Italiane S.p.A., STMicroelectronics Holding N.V., and Europrogetti & Finanza S.p.A. in liquidation are classified as investments in associates and are therefore carried at purchase cost, net of writedowns;
- the investments in Eni S.p.A., Enel S.p.A., Sinloc S.p.A., Istituto di Credito Sportivo, F2i SGR S.p.A, and Fondo Italiano d'Investimento SGR S.p.A. do not constitute investments in subsidiaries or associates. These investments therefore continue to be classified as available-for-sale financial assets and are measured at fair value, with changes taken to a specific equity reserve.

As concerns the separation of organisation and accounting, shareholdings in the CDP S.p.A. portfolio as of 30 June 2010, regardless of their classification for financial reporting purposes, fall within the scope of the Separate Account, with the exception of the shares held in CDP Investimenti SGR S.p.A., F2i SGR S.p.A. and Fondo Italiano d'Investimento SGR S.p.A., which fall under the Ordinary Account.

Dividends accruing during the first half of 2010 came to about €724 million, €527 million of which had been received at 30 June 2010. This amount is mainly attributable to the investments held in Enel S.p.A. (€245 million), Eni S.p.A. (€200 million), Poste Italiane S.p.A. (€175 million), and Terna S.p.A. (€72 million). Dividends increased by more than €158 million (+28%) from the same period of 2009 (€566 million), due mainly to the net effect of: i) the changes in the equity investment portfolio, with the capital increase of Enel in June 2009 and the increase in the investment held in STMicroelectronics Holding (up €161 million); and ii) a change in dividend policy (down €3 million). Regarding the change in dividend policy, the higher dividends paid by Poste Italiane (up €123 million), Terna (up €13 million) and STMicroelectronics Holding (up €9 million) were partially offset by the lower dividends paid by Enel (down €88 million) and Eni (down €60 million).

DISPOSAL OF EQUITY INVESTMENTS HELD BY CDP

On 30 June 2010, the CDP Board of Directors approved the transfer to the Ministry for the Economy and Finance of the equity investments held in Enel S.p.A. (17.36%), Poste Italiane (35%) and STMicroelectronics Holding N.V. (50%, indirectly corresponding to 13.77% of STMicroelectronics N.V. – STM).

With measure no. 14542 of 4 August 2005, the Competition Authority had authorised the purchase by CDP of a 29.9% stake in Terna S.p.A. on the condition that CDP comply with specific provisions, including the sale of the equity investment held in Enel by 1 July 2009. The Authority then approved the request for an extension of this deadline to 1 July 2010.

As the deadline approached, CDP, together with the MEF (which, in accordance with Article 5.9 of Decree Law 269/2003, has policy-setting powers over the Separate Account, within the scope of which these equity investments fall), opted not to place the equity investment in Enel on the market, given its strategic value, while also evaluating the possibility of rationalising CDP's current equity investments.

The inclusion of STH and Poste Italiane in the transfer, on the other hand, was for reasons of an industrial nature.

The transfer of shares is to take place by way of a decree of the Minister for the Economy and Finance, in accordance with Article 5.3(b) of Decree Law 269/2003. The decree will provide for the MEF to transfer to CDP a number of shares in Eni S.p.A. with a value equal to that of the equity investments transferred by CDP.
The ministerial decree will also specify the transfer value of the equity investments, which is to be determined based on a official appraisal by an independent expert appointed by the MEF from a list of professionals with appropriate qualifications and experience compiled with the agreement of CDP. In turn, CDP shall appoint an independent third party to issue a fairness opinion on the appraisal.

The Eni shares transferred to CDP will be added to the 9.99% interest already held.

The transaction is expected to be completed by the end of the second half of 2010.

On 30 June 2010, following the approval of the transfer, the equity investments in ST Holding and Poste Italiane were reclassified under non-current assets and disposal groups held for sale at their carrying amount, i.e., in accordance with IFRS 5, the lesser of fair value net of costs to sell and carrying amount.

4.3.2 INVESTMENT FUNDS AND OTHER INVESTMENT VEHICLES

At 30 June 2010, the portfolio of investment funds and other investment vehicles totalled €68 million, an increase of about €2 million (+2.4%) from 31 December 2009.

Investment funds and other investment vehicles

(thousands of euros)

		31/12/2009		Change		30/06/2010	
	Sector	% holding / number of units	Book value	from inv./disinv.	from measurement	% holding / number of units	Book value
A. Investment vehicles							
1 Galaxy S.àr.l. SICAR		40.00%	25,569	-	-	40.00%	25,569
2 2020 European Fund for Energy, Climate Change and Infrastructure SICAV-FIS Sa (Marguerite Fund)		16.67%	500	-	-	14.08%	500
3 Inframed Infrastructure societè par actions simplifiièe à capital variable (Fondo Inframed)				20	-	39.02%	20
B. Investment funds							
1 PPP Italia	Infrastructure and PPP projects	350	1,353	1,009	(85)	350	2,277
2 Abitare Sociale 1	Social housing	98	4,906	-	26	98	4,932
3 F2i Fondi Italiani per le Infrastrutture SGR	Infrastructure						
- A Units		150	33,862	1,227	(625)	150	34,464
- C Units		16	180	13	(4)	16	189
Total			**66,371**	**2,268**	**(688)**		**67,951**

During the first half of 2010, the portfolio changed as a result of the following: i) draw-downs requested by Fondo Italiano per le Infrastrutture (F2i) and PPP Italia in relation to their own investment activities; ii) an investment regarding the establishment, together with other (European, Moroccan and Egyptian) institutional investors, of the infrastructure fund “Inframed Infrastructure SAS à capital variable” (“Inframed Fund”) and payment of the first call-in for the fund.

The main objective of the Inframed Fund is to finance infrastructure projects in the southern and eastern Mediterranean. The activities of the fund, which is one of the initiatives promoted by the Mediterranean Union, will focus on a diverse range of long-term infrastructure investments in the transportation, energy, and urban development segments. CDP S.p.A. has committed to a maximum investment of €150 million, out of the fund's expected total of around €1 billion once the current fund-raising round has been completed.

From an accounting point of view, the funds and investment vehicles may be classified as follows:

- the investment in Galaxy S.àr.l. has been classified as an investment in associates and is therefore carried at purchase cost, net of writedowns;
- the investment in 2020 European Fund for Energy Climate Change and Infrastructure SICAV-FIS Sa and in Inframed Infrastructure SAS à capital variable do not constitute investments in subsidiaries or associates. These investments therefore continue to be classified as available-for-sale financial assets and are measured at fair value, with changes taken to a specific equity reserve;
- the investment funds have been classified as available-for-sale financial assets and are measured at fair value, with changes taken to a specific equity reserve.

For the purposes of the separation of organisation and accounting, investments in investment funds and private equity funds, as well as the stake held in Galaxy S.àr.l., come under the Ordinary Account and are therefore wholly financed by funding raised under that account. The investments held in the other vehicles come under the Separate Account.

4.4 RISK MANAGEMENT

4.4.1 RISK MONITORING

In the second quarter, CDP modified the organisational placement of the Risk Management function, which now reports directly to the CEO. When defining the new organisational structure, CDP paid particularly close attention to developments in international best practices, including with regard to the

experience gained from the financial crisis triggered by sub-prime mortgages.[19] The new organisation also calls for the creation of a Risk Committee alongside the Eligibility Committee.
At the same time, work began on drafting the new Risk Management Rules, the primary objective of which is to extend appropriate coverage of risk to include the most recent lines of business undertaken.

4.4.1.1 Credit risk

The volume of problem positions remains limited with respect to the overall stock of loans.

In terms of the mix of risks within the loan portfolio, in the first half of 2010, we saw a consolidation of economic support activities carried out through the transfer of postal savings funds to banks, with the goal of stimulating medium-term lending to SMEs based on the model adopted by other financial institutions similar to CDP. This significantly increased CDP's exposure to domestic banks, with one of the portfolio's largest exposures (in terms of amount granted) being with a single counterparty.

Regarding export-bank activities, which are governed by the agreement signed with SACE in the first quarter, CDP is expected to benefit from the SACE guarantee and state counter-guarantee, so CDP assets are not expected to be affected by credit risk.

In the first half of 2010, CDP implemented the new Lending Rules establishing the principles to be followed in lending to public-sector borrowers and private or mixed public/private enterprises.

4.4.1.2 Counterparty risk associated with derivative transactions

During the first half of the year, two new Credit Support Annexes were agreed in order to mitigate counterparty risk through the exchange of collateral. CDP currently uses this mitigation technique with nearly all counterparties in

[19] See the Basel Committee document *"Principles for Enhancing Corporate Governance"* of 16 March 2010.

derivative transactions, in most cases with calculation and settlement on a fortnightly basis.

4.4.1.3 Interest rate risk

Strains arose during the first half of 2010 due to the heightened insolvency risk of numerous sovereign states of the euro area. The widening of the credit spreads of "peripheral" countries in the euro area was accompanied by an increase in credit spreads for banks and by the re-emergence of a number of circumstances typical of the acute phase of the credit crisis, such as the widening of the Libor-OIS spread and of a number of basis spreads. The swap rates on the maturities of greatest relevance to CDP closed the half-year period with declines of more than 50 basis points from the end of 2009.

Against this backdrop, CDP increased its positive exposure to an increase in interest rates, owing both to developments in rate-sensitive assets and liabilities and to the convexity effect associated with the repayment options included in liabilities, which leads to an increase in exposure as the level of interest rates declines.

Overall exposure to interest rates[20] went from +€9 million at the end of 2009 to +€17 million by the end of the first half of 2010. Exposure to inflation, mainly regarding issues of postal savings bonds indexed to the consumer price index for blue-collar and office worker households, remained essentially constant, going from -€4.9 million at the end of 2009 to -€4.8 million at the end of the first half of 2010. The interest rate VaR[21] (entirely associated with the banking book exposure, as there was no trading activity) posted a significant increase during the first half of the year, due to an increase in both exposure and volatility. The number of overshoots found during backtesting was statistically in line with the confidence interval adopted (99%) over both the one and two-year time horizons.

[20] Defined as exposure to an increase of 1 basis point in zero-coupon yields across all maturities.
[21] Value at Risk, a metric that takes into account exposure to all risk factors, their volatility and how they interact. CDP calculates VaR to over a confidence interval of 99% at a 10-day horizon. This means that CDP's VaR represents a loss of value that would only be exceeded in the least favourable 1% of cases over a 10-day time horizon. VaR calculations adopt a statistical model that uses historic market data to estimate the distribution of future profits and losses.

4.4.1.4 Equity risk

The stock prices of the listed equity investments held by CDP fell significantly during the period.
Following the aforementioned resolution of the Board of Directors of 30 June 2010, the composition and concentration of the equity investment portfolio will change significantly.

4.4.1.5 Liquidity risk

CDP's main source of funding continues to be state-backed postal savings funds.
During the first half of 2010, despite the decidedly adverse economic environment for sovereign debt, CDP's cash and cash equivalents increased significantly due to the aforementioned flow of net funding from postal savings and interbank funding.

Regarding institutional funding not backed by the government, the purpose of which is to fund Ordinary Account lending, funding conditions deteriorated, but this did not give rise to rationing.

4.4.2 LEGAL DISPUTES

As concerns pending litigation, it should be noted that the total number of disputes remained insignificant in absolute terms.
The potential liabilities that might be generated by disputes with customers and employees are also decidedly insignificant.
With regard to Separate Account customers, at 30 June 2010, 43 suits were pending with a total estimated liability of no more than €30 thousand. There are no situations that concern serial disputes that could suggest the presence of critical issues in procedures or compliance with related laws and regulations.
There are currently no pending disputes in relation to the Ordinary Account and, therefore, no potential liabilities for CDP.
As regards labour disputes not related to customer operations, at 30 June 2010, 43 lawsuits were pending, for which the total estimated liability does not exceed €1.6 million.

4.5 HUMAN RESOURCE MANAGEMENT

At 30 June, CDP had 410 employees: 35 executives, 149 middle managers and 226 office staff. Compared with 31 December, the workforce declined by 4 employees.

During the first half of the year, personnel with specialist skills were hired in order to offset expected terminations of employment.

Training and development during the period mainly concerned financial and regulatory issues, specific organisational conduct, information technology, and languages.

5. OUTLOOK FOR THE FULL YEAR

Pending any update of the Business Plan, which will take account of the evolving environment in which we operate, we have revised the targets for 2010 in order to take account both of operations in the first part of the year and market conditions.

Based on the information available as of the close of the first half of 2010 regarding assets in particular, new lending is expected to remain stable at levels comparable to those posted in 2009, thanks to the significant levels of new lending expected in the latter part of the year with public entities and to the solid performance we have already seen in disbursements under the new economic support measures.

On the liability side, the stock of postal savings is expected to continue increasing at a rapid pace, despite the reduction currently seen due to the effect of replacing of maturing bonds pertaining to the MEF with new bonds issued by CDP.

As a result, the more rapid growth in loans to customers and banks should translate into slower growth in cash and cash equivalents, although its pace will nonetheless remain relatively high, given the positive net funding expected from postal savings.

In terms of the outlook for performance, we can confirm the reduction in the spread between lending and funding rates expected for 2010 due to the ongoing and substantial decline in market interest rates, which can no longer be translated into lower rates on funding (as they are already at all-time lows).

However, earnings for the year will be influenced by the transfer of the equity investments in Enel S.p.A., Poste Italiane S.p.A. and STMicroelectronics Holding N.V. at the price determined by the independent appraiser. The potential volatility of this valuation therefore represents the main risk inherent in performance for the full year.

Rome, 28 July 2010

The Chairman

Franco Bassanini

REPORT OF THE INDEPENDENT AUDITORS

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(Translation from the Italian original which remains the definitive version)

Review report

To the shareholders of
Cassa Depositi e Prestiti S.p.A.

1 We have reviewed the condensed interim separate financial statements comprising the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and notes thereto of Cassa Depositi e Prestiti S.p.A. as at and for the six months ended 30 June 2010. The company's directors are responsible for the preparation of these condensed interim separate financial statements in accordance with IAS 34, "Interim Financial Reporting", endorsed by the European Union. Our responsibility is to prepare this report based on our review.

2 We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. The review consisted primarily of the collection of information relating to the captions of the condensed interim separate financial statements and the consistency of application of the accounting policies through discussions with company directors and analytical procedures applied to the financial data presented in such condensed interim separate financial statements. The review excluded such audit procedures as tests of controls and verification or validation of assets and liabilities and is significantly less than an audit performed in accordance with generally accepted auditing standards. As a consequence, contrary to our report on the annual separate financial statements, we do not express an audit opinion on the condensed interim separate financial statements.

With regard to the corresponding figures included in the condensed interim separate financial statements, reference should be made to our reports on the annual separate and interim separate financial statements of the previous year dated 12 April 2010 and 31 July 2009, respectively.

KPMG

Cassa Depositi e Prestiti S.p.A.
Review report
30 June 2010

3 Based on our review, nothing has come to our attention that causes us to believe that the condensed interim separate financial statements of Cassa Depositi e Prestiti S.p.A. as at and for the six months ended 30 June 2010 have not been prepared, in all material respects, in conformity with IAS 34, "Interim Financial Reporting", endorsed by the European Union.

Rome, 4 August 2010

KPMG S.p.A.

(signed on the original)

Riccardo De Angelis
Director of Audit

CERTIFICATION pursuant to Article 154-bis of Legislative Decree 58/98

Certification of the condensed interim separate financial statements at 30 June 2010 pursuant to Article 81-ter of Consob Regulation no. 11971 of 14 May 1999 as amended

1. The undersigned Giovanni Gorno Tempini, in his capacity as Chief Executive Officer, and Andrea Novelli, in his capacity as the manager responsible for the preparation of the financial reports of Cassa depositi e prestiti S.p.A., hereby certify, taking account of the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998:

- the appropriateness with respect to the characteristics of the company and
- the effective adoption

of the administrative and accounting procedures for the preparation of the condensed interim separate financial statements for the period (1 January – 30 June 2010).

2. In this regard:
2.1 the assessment of the appropriateness of the administrative and accounting procedures followed in preparing the condensed interim separate financial statements at 30 June 2010 was based on a process developed by Cassa depositi e prestiti S.p.A. in line with the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission, which is a generally accepted framework at the international level;
2.2 in the first half of 2010 the manager responsible for the preparation of the financial reports of Cassa depositi e prestiti S.p.A. assessed the adequacy and effective adoption of existing administrative and accounting procedures, with reference to the internal control system for financial reporting, continued the updating of administrative and accounting procedures, extending the scope of the process to encompass specific activities concerning information technology. The process of upgrading these procedures therefore requires further activities for its completion.

3. In addition, we certify that:
3.1 the condensed interim separate financial statements:
a) have been prepared in compliance with the international accounting standards adopted in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
b) correspond to the information in the books and other accounting records;
c) provide a true and fair representation of the performance and financial position of the issuer;
3.2 the interim report on operations contains a reliable analysis of references to significant events in the first six months of the year and their impact on the condensed interim separate financial statements, together with a description of the main risks and uncertainties to be faced in the remaining six months of the year.

Rome, 4 August 2010

Chief Executive Officer	Manager responsible for the preparation of the financial reports
Giovanni Gorno Tempini	*Andrea Novelli*

This report has been translated into the English language solely for the convenience of international readers.

CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS ENDED 30 JUNE 2010

FORM AND CONTENT OF THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS ENDED 30 JUNE 2010

The condensed interim separate financial statements at 30 June 2010 have been prepared in conformity with the applicable regulations and are composed of:

- **BALANCE SHEET;**
- **INCOME STATEMENT;**
- **STATEMENT OF COMPREHENSIVE INCOME;**
- **STATEMENT OF CHANGES IN EQUITY;**
- **CASH FLOW STATEMENT;**
- **NOTES TO THE FINANCIAL STATEMENTS.**

A list of the equity investments of CDP S.p.A. is contained in the annex to the notes to the financial statements.

FINANCIAL STATEMENTS

AT 30 JUNE 2010

(euros)

BALANCE SHEET

	Assets	30/06/2010	31/12/2009
10.	Cash and cash equivalents	117,333,427,064	114,688,739,285
20.	Financial assets held for trading	808,328,273	868,511,043
40.	Financial assets available for sale	13,397,577,936	13,991,312,479
50.	Financial assets held to maturity	524,717,447	205,285,358
60.	Loan to banks	8,013,605,394	5,974,479,656
70.	Loan to customers	89,237,321,477	85,623,841,033
	of which securing covered bonds	*14,783,752,147*	*15,293,457,623*
80.	Hedging derivatives	380,181,073	331,603,338
100.	Equity investments	1,342,169,150	4,486,902,309
110.	Property, plant and equipment	202,221,793	203,917,935
120.	Intangible assets	5,527,887	6,571,704
130.	Tax assets	222,608,181	599,747,355
	a) current	171,381,150	573,810,266
	b) deferred	51,227,031	25,937,089
140.	Non-current assets and disposal groups held for sale	3,185,166,996	-
150.	Other assets	371,981,941	72,970,939
	Total assets	**235,024,834,612**	**227,053,882,434**

(euros)

BALANCE SHEET

	Liabilities and equity	30/06/2010	31/12/2009
10.	Due to banks	4,558,053,521	2,674,297,280
20.	Due to customers	103,575,094,651	100,459,935,780
	of which amounts to be disbursed on loans securing covered bonds	*967,793,738*	*1,099,699,241*
30.	Securities issued	111,771,680,360	108,268,862,199
	of which covered bonds	*6,378,494,886*	*6,382,221,908*
40.	Financial liabilities held for trading	734,105,588	782,976,639
60.	Hedging derivatives	2,115,759,584	825,662,805
70.	Adjustment of financial liabilities hedged generically (+/-)	64,052,630	66,477,577
80.	Tax liabilities	232,969,347	541,399,082
	a) current	182,588,307	410,472,190
	b) deferred	50,381,040	130,926,892
100.	Other liabilities	962,130,565	1,254,387,345
110.	Staff severance pay	697,292	697,292
120.	Provisions	2,763,089	8,974,217
	b) other provisions	2,763,089	8,974,217
130.	Valuation reserves	282,805,497	2,136,388,575
160.	Reserves	6,233,823,643	4,809,202,993
180.	Share capital	3,500,000,000	3,500,000,000
200.	Income (loss) for the period (+/-)	990,898,845	1,724,620,650
	Total liabilities and equity	**235,024,834,612**	**227,053,882,434**

(euros)

INCOME STATEMENT

		30/06/2010	30/06/2009
10.	Interest income and similar revenues	3,127,723,484	4,231,825,050
20.	Interest expense and similar charges	(2,358,997,331)	(2,922,413,072)
30.	**Net interest income**	**768,726,153**	**1,309,411,978**
40.	Commission income	5,950,077	4,431,112
50.	Commission expense	(339,969,440)	(452,350,636)
60.	**Net commission income**	**(334,019,363)**	**(447,919,524)**
70.	Dividends and similar revenues	723,952,260	565,536,423
80.	Net gain (loss) on trading activities	(7,859,930)	(6,366,786)
90.	Net gain (loss) on hedging activities	(204,340)	(29,414,422)
100.	Gains (losses) on disposal or repurchase of:	31,245,685	5,139,122
	a) loans	30,224,932	5,139,122
	b) financial assets available for sale	1,020,753	-
120.	**Gross income**	**1,181,840,465**	**1,396,386,791**
130.	Net impairment adjustments of:	123,738	-
	a) loans	123,738	-
140.	**Financial income (expense), net**	**1,181,964,203**	**1,396,386,791**
150.	Administrative expenses:	(32,812,930)	(29,738,157)
	a) staff costs	(19,494,252)	(17,389,074)
	b) other administrative expenses	(13,318,678)	(12,349,083)
160.	Net provisions	(53,123)	271,491
170.	Net adjustments of property, plant and equipment	(3,176,207)	(3,411,205)
180.	Net adjustments of intangible assets	(1,300,701)	(1,098,855)
190.	Other operating income (costs)	435,696	569,175
200.	**Operating costs**	**(36,907,265)**	**(33,407,551)**
210.	Gains (losses) on equity investments	40,433,838	-
250.	**Income (loss) before tax from continuing operations**	**1,185,490,776**	**1,362,979,240**
260.	Income tax for the period on continuing operations	(194,591,931)	(324,355,197)
270.	**Income (loss) after tax on continuing operations**	**990,898,845**	**1,038,624,043**
290.	**Income (loss) for the period**	**990,898,845**	**1,038,624,043**

(euros)

STATEMENT OF COMPREHENSIVE INCOME

		30/06/2010	30/06/2009
10.	**Income (loss) for the period**	**990,898,845**	**1,038,624,043**
	Other comprehensive income net of taxes		
20.	Financial assets available for sale	(1,846,301,644)	(275,885,469)
60.	Cash flow hedges	(7,281,434)	(838,378)
110.	**Total other comprehensive income net of taxes**	**(1,853,583,078)**	**(276,723,847)**
120.	**Comprehensive income (items 10+110)**	**(862,684,233)**	**761,900,196**

STATEMENT OF CHANGES IN EQUITY AT 30 JUNE 2010

(euros)

	Balance at 31.12.09	Changes in opening balance	Balance at 1.1.10	Allocation of net income for previous year		Changes for the period								Equity at 30.06.10
							Equity transactions							
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of own shares	Special dividend distribution	Changes in equity instruments	Derivatives on own shares	Stock options	Comprehensive income at 30.06.10	
Share capital:														
a) ordinary shares	2,450,000,000		2,450,000,000											2,450,000,000
b) preference shares	1,050,000,000		1,050,000,000											1,050,000,000
Share premium reserve														
Reserves:														
a) income	4,809,202,993		4,809,202,993	1,424,620,650										6,233,823,643
b) other														
Valuation reserves:														
a) available for sale	1,967,616,130		1,967,616,130										(1,846,301,644)	121,314,486
b) cash flow hedges	1,200,443		1,200,443										(7,281,434)	(6,080,991)
c) other reserves														
- revaluation of property	167,572,002		167,572,002											167,572,002
Equity instruments														
Treasury shares														
Income (loss) for the period	1,724,620,650		1,724,620,650	(1,424,620,650)	(300,000,000)								990,898,845	990,898,845
Equity	**12,170,212,218**		**12,170,212,218**	**-**	**(300,000,000)**								**(862,684,233)**	**11,007,527,985**

STATEMENT OF CHANGES IN EQUITY AT 30 JUNE 2009

(euros)

	Balance at 31.12.08	Changes in opening balance	Balance at 1.1.09	Allocation of net income for previous year		Changes for the period								Equity at 30.06.09
							Equity transactions							
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of own shares	Special dividend distribution	Changes in equity instruments	Derivatives on own shares	Stock options	Comprehensive income at 30.06.09	
Share capital:														
a) ordinary shares	2,450,000,000		2,450,000,000											2,450,000,000
b) preference shares	1,050,000,000		1,050,000,000											1,050,000,000
Share premium reserve														
Reserves:														
a) income	3,664,760,473		3,664,760,473	1,144,442,521										4,809,202,994
b) other														
Valuation reserves:														
a) available for sale	994,036,284		994,036,284										(275,885,469)	718,150,815
b) cash flow hedges	576,183		576,183										(838,378)	(262,195)
c) other reserves														
- revaluation of property	167,572,002		167,572,002											167,572,002
Equity instruments														
Treasury shares														
Income (loss) for the period	1,389,442,521		1,389,442,521	(1,144,442,521)	(245,000,000)								1,038,624,043	1,038,624,043
Equity	**9,716,387,463**		**9,716,387,463**	**-**	**(245,000,000)**	**-**							**761,900,196**	**10,233,287,659**

(euros)

CASH FLOW STATEMENT (indirect method)

A. OPERATING ACTIVITIES	30/06/2010	30/06/2009
1. Operations	**948,238,694**	**1,406,185,567**
- income (loss) for the period (+/-)	990,898,845	1,038,624,043
- gains (losses) on financial assets held for trading and on financial assets/liabilities at fair value (-/+)	7,859,930	6,366,786
- gains (losses) on hedging activities (-/+)	204,340	29,414,422
- net impairment adjustments (+/-)	(123,738)	-
- net value adjustments to property, plant and equipment and intangible assets (+/-)	4,476,908	4,510,060
- net provisions and other costs/revenues (+/-)	560,226	(253,831)
- unpaid taxes and duties (+)	194,591,931	324,355,197
- writedowns/writebacks of equity investments (+/-)	(40,433,838)	-
- other adjustments	(209,795,910)	3,168,890
2. Cash generated by/used in financial assets	**(6,100,748,627)**	**(477,439,578)**
- financial assets held for trading	(122,897,922)	(193,608,175)
- financial assets available for sale	(1,360,048,547)	(3,160,862,062)
- loans to banks: other	(2,390,455,453)	3,523,301,555
- loans to customers	(2,249,615,709)	(646,270,896)
- other assets	22,269,004	-
3. Cash generated by/used in financial liabilities	**8,044,309,649**	**9,957,064,230**
- due to banks: other	1,882,110,397	111,236,727
- due to customers	3,115,158,871	5,760,012,400
- securities issued	3,532,047,106	4,517,978,554
- financial liabilities held for trading	126,349,711	169,789,506
- other liabilities	(611,356,436)	(601,952,957)
Cash generated by/used in operating activities	**2,891,799,716**	**10,885,810,219**
B. INVESTING ACTIVITIES		
1. Cash generated by	**-**	**-**
- sale of equity investments		
- dividends from equity investments		
- sale of property, plant and equipment		
2. Cash used in	**(301,873,858)**	**(4,122,986)**
- purchase of equity investments	-	(1,955,000)
- purchase of financial assets held to maturity	(300,136,909)	-
- purchase of property, plant and equipment	(1,480,065)	(1,821,817)
- purchase of intangible assets	(256,884)	(346,169)
Cash generated by/used in investing activities	**(301,873,858)**	**(4,122,986)**
C. FINANCING ACTIVITIES		
- dividend distribution and other allocations	(300,000,000)	(245,000,000)
Cash generated by/used in financing activities	**(300,000,000)**	**(245,000,000)**
CASH GENERATED/USED DURING THE PERIOD	**2,289,925,858**	**10,636,687,233**

KEY
(+) generated
(-) used

RECONCILIATION

Cash and cash equivalents at beginning of period	**115,132,715,921**	**105,539,037,196**
Total cash generated/used during the period	**2,289,925,858**	**10,636,687,233**
Cash and cash equivalents: effects of changes in exchange rates	**-**	**-**
Cash and cash equivalents at end of period	**117,422,641,779**	**116,175,724,429**

NOTES TO THE

FINANCIAL STATEMENTS

(CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS ENDED 30 JUNE 2010)

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

STRUCTURE AND CONTENT OF THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

The CDP S.p.A. condensed interim separate financial statements have been prepared in accordance with international accounting standards, specifically IAS 34, which establishes the minimum content and preparation rules for interim financial reports.

The financial statements are expressed in euros and include the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and these explanatory notes to the financial statements and related annexes, as well as the directors' interim report on operations.

The condensed interim separate financial statements of CDP S.p.A. at 30 June 2010 present a clear, true and fair view of the company's performance and financial position for the period. The figures reported in the statements correspond with the company's accounting records and fully reflect the transactions conducted during the period.

PRESENTATION OF DATA

In accordance with the regulations issued by the Bank of Italy, the financial statements are expressed in euros, whereas the explanatory notes to the financial statements are expressed in thousands of euros.

Accounts with zero balances for both the current and prior period have been excluded. In the income statement, revenues are indicated as positive numbers, while costs are shown as negative numbers (in parentheses).

The figures in the explanatory notes to the financial statements have been rounded to the nearest thousand, and the rounded totals for the various figures are obtained by summing the rounded balances of the items making up such totals.

The cash and cash equivalents reported in the cash flow statement comprise the balance of item 10 "Cash and cash equivalents" of the balance sheet and the positive balance on bank accounts reported under item 60 "Due from banks" net of current accounts with a negative balance reported under item 10 "Due to banks” of liabilities.

COMPARISON AND DISCLOSURE

The financial statements comply with the provisions of Bank of Italy circular no. 262/2005 as updated on November 18, 2009 and, in accordance with IAS 34, contain the following comparative information in addition to the accounting data at 30 June 2010:

- balance sheet at 31 December 2009;
- income statement at 30 June 2009;
- statement of comprehensive income at 30 June 2009;
- statement of changes in equity at 30 June 2009;
- cash flow statement at 30 June 2009.

CDP SEGREGATED ASSET POOL

CDP holds the covered bond segregated asset pool.

This is not a segregated asset pool as defined by the Italian Civil Code, but rather a separation related to certain CDP assets (loans to local authorities) for which CDP has established guarantees/liens on the cash flows for the holders of the covered bonds issued, which enables the bond itself to have a higher rating that that of the issuer.

The separation concerns the flows related to the portfolio of loans that constitute the collateral of the related bond issue.

The assets are in the accounts with an “of which” indication in the financial statements.

AUDITING OF THE FINANCIAL STATEMENTS

The CDP condensed interim separate financial statements have undergone a limited audit by KPMG S.p.A..

ANNEXES

In order to enhance disclosure, list of equity investments is annexed to this report.

ACCOUNTING POLICIES

GENERAL INFORMATION

SECTION 1 – DECLARATION OF CONFORMITY WITH THE INTERNATIONAL ACCOUNTING STANDARDS

These financial statements have been prepared in accordance with the International Financial Reporting Standards and International Accounting Standards (IFRSs/IASs) issued by the IASB (and related IFRIC and SIC interpretations) endorsed by the European Commission as of 30 June 2010. More specifically, the condensed interim separate financial statements have been prepared in compliance with the provisions of IAS 34 governing interim financial reporting. As permitted under this standard, CDP has elected to prepare a condensed report in place of the full reporting envisaged for the annual financial statements.
The schedules have been prepared in compliance with the Bank of Italy circular of 22 December 2005 as updated on 18 November 2009.

SECTION 2 – GENERAL PREPARATION PRINCIPLES

The financial statements have been prepared in accordance with the IFRSs issued by the IASB (including the SIC and IFRIC interpretations) endorsed by the European Commission pursuant to Regulation (EC) 1606 of 19 July 2002.

For the purposes of interpretation and to provide support in applying these standards, the following documents have also been considered, although they have not been endorsed by the European Commission:

- the *Framework for the Preparation and Presentation of Financial Statements* (issued by the International Accounting Standards Board in 2001);
- *Implementation Guidance, Basis for Conclusions*, IFRIC interpretations, and any other documentation prepared by the IASB or IFRIC to supplement the IFRSs;

- Interpretation documents concerning the application of the IFRSs in Italy, prepared by the *Organismo Italiano di Contabilità* (Italian Accounting Board; OIC) and by the Italian Banking Association (ABI).

Where the information required by the IFRSs and the regulations of the Bank of Italy is deemed to be inadequate in presenting the company's financial standing in a true and fair manner, the explanatory notes to the financial statements also include supplemental information for such purpose.

The interim financial statements have been prepared on an accruals and going-concern basis. The general principles of the materiality and significance of information and the prevalence of substance over form have also been taken into account.
Pursuant to the provisions of joint Bank of Italy/Consob/Isvap document no. 2 of 6 February 2009 and document no. 4 of 4 March 2010 concerning disclosures on business continuity and in compliance with the requirements on the same issue contained in IAS 1 Revised, CDP has conducted an assessment of the Company's ability to continue to operate as a going concern, considering all available information over a medium-term time horizon.
Based on an analysis of the information and the results achieved in previous years, CDP feels that it is appropriate to prepare its financial statements on a going-concern basis.

No assets have been offset with liabilities, nor revenues with costs, unless expressly required or allowed by the regulations issued by the Bank of Italy or by an accounting standard or a related interpretation.

SECTION 3 – EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

During the period between the reporting date for the financial statements and their approval by the Board of Directors, no events occurred that would require an adjustment to the figures approved.

THE MAIN FINANCIAL STATEMENT AGGREGATES

The accounting policies governing the classification, recognition, measurement and derecognition of assets and liabilities and the recognition of revenues and costs used in preparing the half-year financial statements are the same as those adopted in preparing the annual financial statements.

The following pages provide a description of the accounting principles adopted in preparing the condensed interim separate financial statements.

1 – FINANCIAL ASSETS HELD FOR TRADING

"Financial assets held for trading" (item 20) includes all financial assets, regardless of type (debt securities, equity, loans, derivatives, etc.), allocated to the trading portfolio and held for the purpose of generating profits over the short term as a result of changes in the price of such instruments, as well as the derivative contracts operationally connected with financial liabilities measured at fair value (under the fair value option) and derivatives with a positive value, including those resulting from the separation of embedded derivatives, that are not deemed to be effective for hedging purposes.
Financial assets held for trading meet the following prerequisites:
a) they are purchased with the intention of being sold in the short term;
b) they are a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
c) they are derivatives (with the exception of derivatives that are designated as effective hedging instruments).
Such financial assets are initially recognised at fair value, which generally equals the amount paid or received net of transactions costs or income. Where the amount paid is different from the fair value, the financial asset is recognised at fair value, and the difference between the two amounts is recognised through profit or loss. Initial recognition is carried out at the subscription date for derivative contracts and on the settlement date for debt and equity securities, with the exception of those for which delivery is governed by conventions on the market concerned, for which initial recognition is at the settlement date.

Financial assets held for trading also include derivative contracts embedded in other financial instruments or contracts and which have financial and risk characteristics that are not correlated with the host instrument or which meet the requirements to be classified themselves as derivative contracts, recognising them separately after separating the embedded derivative from the main contract, which is then treated in accordance with the accounting rules for its own category. This is not done in cases in which the compound instrument containing the derivative is measured at fair value through profit or loss.
The financial instruments are measured subsequently at fair value based on the official prices as of the balance sheet date if they are listed on active markets. For financial instruments, including equity, not listed on active markets, fair value is determined by using measurement techniques and information available on the market, such as the price of similar instruments on an active market, discounted cash flows, option pricing models, and values registered in recent similar transactions. For equity securities and related derivative instruments, if the fair value obtained using such measurement techniques cannot be reliably determined, the financial instruments are measured at cost and adjusted in the event of losses in value.
If the fair value of a financial asset becomes negative, it is recognised as a financial liability held for trading.
Financial assets held for trading are derecognised when payment is received, when the contractual rights to the cash flows expire, or a sale transfers all the risks and rewards connected with ownership to a third party. Conversely, when a prevalent share of the risks and rewards associated with the financial asset are retained, the asset remains on the balance sheet even if official title has been transferred.
The gains and losses on sale or redemption and unrealised gains and losses resulting from the fair value measurement of the trading portfolio are shown under “Net gain (loss) on trading activities” (item 80). The income components are recognised following the results of the measurement of the financial assets held for trading.

2 – FINANCIAL ASSETS AVAILABLE FOR SALE

Available-for-sale financial assets (item 40) are non-derivative financial assets (debt securities, equity, etc.) that are classified as being available for sale and not as (a) loans and receivables, (b) held-to-maturity investments, or (c) financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognised on the contract date for all financial assets, with the exception of those for which delivery is governed by conventions on the market concerned, for which initial recognition is carried out at the settlement date and on the disbursement date in the case of loans.
The financial assets are initially recognised at fair value, which generally equals the amount paid or received net of transactions costs or gains. In cases in which the amount paid is different from the fair value, the financial asset is recognised at fair value, and the difference between the two amounts is recognised through profit or loss. Initial recognition is done on the subscription date for derivative contracts and on the settlement date for debt and equity securities, with the exception of those for which delivery is governed by conventions on the market concerned, for which initial recognition is at the settlement date.
Investments in equity instruments that are not listed on an active market and for which it is not possible to measure fair value reliably, as well as derivatives connected to such instruments and/or that must be settled with the delivery of such instruments, are measured at cost.
Unrealised gains or losses on available-for-sale securities are recorded in a specific equity reserve, net of tax effects, until the investment is sold or written down.
Subsequent measurement is done at fair value based on the official prices as of the balance sheet date if the financial instruments are listed on active markets. For financial instruments, including equity, not listed on active markets, fair value is determined by using measurement techniques and information available on the market, such as the price of similar instruments on an active market, discounted cash flows, option pricing models and values registered in recent similar transactions. For equity securities and related derivative instruments, if the fair value obtained using such measurement techniques cannot be reliably determined, the financial instruments are measured at cost and written down in the event of impairment losses.
Available-for-sale financial assets are subject to impairment tests to determine whether there is objective evidence of impairment. Where an available-for-sale security is impaired, the cumulative, unrealized change in value recorded in the equity reserve is recognised in the income statement under “Net impairment adjustments of financial assets available for sale” (item 130.b). The impairment is recognised when the purchase cost (net of any amortisation and repayments of principal) of an available-for-sale financial asset exceeds its recoverable amount. The amount of this loss is measured using specific valuation techniques and models concerning equity securities. Any writebacks of investments in equity instruments are not recognised in the income statement but in an equity reserve,

while any writebacks of investments in debt instruments go through the income statement.
Where the reasons for the impairment should cease to obtain subsequent to the recognition of the impairment loss, the writeback is recognised in the income statement for loans or debt securities and in an equity reserve in the case of equity instruments. The amount of the writeback shall in any event not exceed the amortised cost that the instrument would have had in the absence of the prior adjustments.
Dividends on equity instruments that are available for sale are recognised as income when the right to receive payment is established.
In addition to the recognition of impairment losses, the cumulative gains or losses in the equity reserve are, as mentioned above, recognised in the income statement at the time of the sale of the asset. Accordingly, in the event of the disposal of an investment in available-for-sale securities, the related cumulative, unrealised change in value recorded in equity is recognised in the income statement as “Gains (losses) on the disposal or repurchase of financial assets available for sale” (item 100.b).
Available-for-sale financial assets are derecognised when payment is received, when the contractual rights to the cash flows expire, or a sale transfers all the risks and rewards connected with ownership to a third party. Conversely, when a prevalent share of the risks and rewards associated with the financial asset are retained, the asset remains on the balance sheet even if official title has been transferred.

3 – FINANCIAL ASSETS HELD TO MATURITY

Financial assets held to maturity (item 50) include financial assets other than derivatives with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.
If, following a change in such intention or ability, it is no longer appropriate to continue to classify an investment as held to maturity, it is reclassified under financial assets available for sale.
Held-to-maturity financial assets are initially recognised at fair value, which is normally equal to the price paid or received. In cases where the price differs from fair value, the asset is recognised at fair value and the difference between the price and the fair value is taken to the income statement.
The value at which such assets are recognised includes incidental costs and revenues attributable to the transaction.

Following initial recognition, financial assets held to maturity are measured at amortised cost and undergo impairment testing. The amortised cost of a financial asset is equal to the amount at which it is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Such assets are derecognised when the contractual rights to the cash flows from the assets expire or when the assets are divested by transferring substantially all the risks and rewards of ownership of the assets.

4 - LOANS

The term “loans” refers to a portfolio of financial instruments, including debt securities, that are not listed on an active market and which IAS 39 refers to as “loans and receivables”, for which the company has a right to receive future cash flows.

Loans are initially recognised at the disbursement date or, in the case of debt securities, at the settlement date.

Loans are recognised when the contract is executed, i.e. upon the unconditional acquisition of a right to payment of the amounts agreed, and are initially measured at fair value, which equals the amount disbursed including directly related transaction costs and commissions. Where the net amount disbursed does not equal the loan’s fair value because the interest rate is lower than the market rate or the rate normally applied for similar loans, initial measurement is effected by discounting the future cash flows using an appropriate rate.

Certain types of loan made to public entities and public-law bodies under CDP’s Separate Account portfolio (in particular, "ordinary loans") differ from loans granted by banks, which normally disburse the entire amount of the loan to its beneficiary at the time the loan is granted. Such loans are special-purpose loans generally granted to local authorities for public works and are disbursed to the beneficiaries only after detailed verification of the progress of the works in question. Therefore, disbursements are intended to meet the debts actually accumulated by the authority as the work is performed by the various contractors involved.

Upon signing the finance agreement, the debtor assumes the obligation to repay the entire principal granted, and this amount is used to determine an amortisation schedule separately from the amount actually disbursed. Amounts still to be disbursed by CDP earn interest that can be treated as a reimbursement of the interest income earned by customers on the non-disbursed portion. CDP's ordinary loans normally have an initial grace period, during which, in the absence of disbursements on the loan granted, the loan does not bear interest. The repayment plan for the amount granted begins, with certain exceptions, the year following the signing of the related contract. CDP's accounting policy for ordinary loans is to recognise a commitment to disburse the sums granted upon signing the loan agreement and to recognise a receivable (with a consequent reduction in the disbursement commitments) for the entire amount granted only when repayment begins.

Any disbursements requested by borrowers during the grace period effectively reduce the commitment and result in a "short-term" receivable for the amount actually disbursed, with this amount accruing interest at the rate agreed upon by contract. The short-term receivable for advances on loans in their grace period is measured at cost in accordance with the IFRSs.

When repayment begins on an ordinary loan that has not yet been disbursed, both a payable and a receivable are recognised for the same amount in respect of the party responsible for repaying the loan. In accordance with the IFRSs, the receivable is measured at amortised cost (which, given the lack of transaction costs on the loans granted by CDP and with certain exceptions, equals cost), and the payable is a demand liability that decreases as the amounts are actually disbursed.

Loans granted by CDP other than ordinary loans are treated in a manner analogous to that for loans granted by banks.

The interest on loans and default interest is recognised as interest income and similar revenues on loans to banks and customers and are recognised on an accruals basis.

The carrying amount of loans is subject to periodic testing for impairment that could reduce their expected realisable value. This reduction becomes material when it is deemed probable that the amount due will not be paid in full, based on the original terms of the agreement, or that an equivalent asset will not be received.

Loans classified as bad debts, substandard or restructured are measured individually for positions that exceed a given value threshold. In view of the lack of time series of loss data on loans, as well as the creditworthiness of CDP's leading borrowers, no general writedowns of the portfolio are recorded.

The measurement of writedowns of loans is based on discounting the expected future cash flows of principal and interest net of collection costs, taking account of any guarantees securing the positions and any advances received. The key to

determining the value of the future cash flows is in defining the estimated collections, the related timing, and the discount rate to be applied.
The impairment of problem loans is then written back only when the quality of the loan improves to the point that there is a reasonable certainty of a greater recovery of principal and interest and/or greater receipts have been recorded than the previously recorded carrying amount of the loan. In any event, given the method used to measure impairment losses, as the due dates for credit collection approach with the passing of time, the value of the loan is "written back", given that there is a reduction in the implicit finance costs previously recognised as a reduction in the value of the loans.
Recovery of all or a part of previously written down loans is recognised as a reduction to "Net impairment adjustments of loans" (item 130.a).
Loans are derecognised when paid in full, when all of the related risks and rewards have been transferred, or when a loan is deemed to be definitively uncollectible. The amount of the loss is recognised in the income statement net of previously recognised impairment losses.
Loans represented by positions with parties that are not classified under any of the risk categories listed above, but which are more than 180-days past due at the balance sheet date, are also subject to individual impairment testing.
"Loans to customers" include unlisted financial assets in respect of customers (loans, debt securities, operating receivables, etc.) that are allocated to the "loans" portfolio. This also includes receivables from Italian post offices and variation margins with clearing bodies for derivative transactions.
"Loans to banks" include unlisted financial assets in respect of banks (current accounts, security deposits, debt securities, operating receivables, etc.) that are allocated to the "loans" portfolio. This also includes the amounts receivable from central banks other than free deposits (such as the reserve requirement).

5 - HEDGING TRANSACTIONS

According to the IASs, hedging instruments are designated derivatives or (limited to the hedging of foreign currency risk) non-derivative financial assets or liabilities the fair value or cash flows of which are expected to offset the changes in fair value or cash flows of a designated position (paragraphs 72-77 and Annex A, paragraph AG94, of IAS 39). A hedged position is an asset, liability, firm commitment, a highly probable forecast transaction, or a net investment in a foreign operation that (a) exposes the organisation to the risk of a change in fair value or future cash flows and (b) is designated as being hedged (paragraphs 78-84 and Annex A, paragraphs AG98-AG101, of IAS 39). The effectiveness of

the hedge is the extent to which the change in fair value or cash flows of the hedged position that is attributable to a hedged risk are offset by the change in fair value or cash flows of the hedging instrument (Annex A, paragraphs AG105-AG113, of IAS 39).
When a financial instrument is classified as a hedging instrument, the following are to be formally documented:
1. the relationship between the hedging instrument and the position hedged, including the risk management objectives;
2. the hedging strategy, which must be in line with established risk management policies;
3. the methods to be used in order to verify the effectiveness of the hedge.

Accordingly, both at the inception of the hedge and throughout its life, the change in the fair value of the derivative is analysed in order to determine whether it is highly effective in offsetting the changes in fair value of the hedged position.
A hedge is deemed to be highly effective if, both at inception and throughout its life, the changes in fair value of the hedged position or in the expected cash flows attributable to the risk being hedged are almost entirely offset by the changes in fair value of the hedging derivative, with the relationship of these changes falling within a range of between 80% and 125%.
If the hedge is not effective as described above, the hedging instrument is reclassified under trading instruments, while the hedged item is measured in accordance with the criteria for its category and in the case of cash flow hedges any reserve is reversed to profit or loss. Hedge accounting also ceases in the event the hedging instrument expires, is sold or exercised or where the hedged item expires, is sold or is repaid.
Asset item 80 and liability item 60 report hedging derivatives (when not considered guarantees received in accordance with IAS 39), which at the balance sheet date have either a positive or negative value.

6 - EQUITY INVESTMENTS

"Equity investments" comprise investments in subsidiaries (IAS 27), in joint ventures (IAS 31), and associates subject to significant influence (IAS 28) other than financial assets held for trading (item 20) and financial assets at fair value through profit or loss (item 30) in accordance with IAS 28, paragraph 1, and IAS 31, paragraph 1.
Subsidiaries are companies in which CDP holds, either directly or indirectly, more than half of the voting rights for the purpose of appointing dependent directors

or, in any event, when CDP exercises the power to determine financial and operating policies. Joint ventures are companies in which control is shared with other parties by contract. Associates are companies in which CDP holds, either directly or indirectly, at least 20% of the voting rights or, independently of the proportion of voting rights, companies over which CDP has significant influence, which is defined as the power to participate in determining financial and operating policies, but without exercising either control or joint control. Minority interests are recognised as financial assets available for sale (item 40) and are treated as described above.

Equity investments are initially recognised and subsequently carried at cost at the settlement date, including costs and revenues that are directly attributable to the transaction.

Where there is evidence that the value of an equity investment may be impaired, its recoverable value is determined, taking account of both its market value and the present value of future cash flows. If this value is lower than the carrying amount, the difference is recognised in the income statement as an impairment loss. This loss is only recognised when the loss in value is significant or persistent. Impairment losses on investments listed on active markets, and unless there are additional, specifically justified reasons, are recognised when the impairment is deemed to be significant or prolonged.

Equity investments are derecognised when the contractual rights to the cash flows of the asset terminate or when the financial asset is sold, transferring substantially all risks and rewards connected with it.

7 - PROPERTY, PLANT AND EQUIPMENT

"Property, plant and equipment" includes all non-current tangible assets used in operations governed by IAS 16 and investment property governed by IAS 40. These include assets under finance leases (for the lessee) and operating leases (for the lessor), as well as leasehold improvement costs.

Property, plant and equipment is recognised at purchase cost including incidental expenses and VAT, increased by revaluations carried out under the provisions of specific laws.

The carrying amount represents the book value of the assets net of depreciation. The depreciation rates used are felt to reflect the remaining useful economic lives of the assets.

Newly acquired assets are depreciated as from the period in which they enter service.

Land and buildings are treated as separate assets for accounting purposes and are therefore reported and measured separately, even if purchased together. Land is considered to have an indefinite life and, as such, is not depreciated.
Buildings are depreciated over a 33-year period, which is considered to be the useful life of the buildings themselves.
Assets whose use or nature classifies them as capital equipment are depreciated on a straight line basis over their remaining useful lives. Newly acquired assets are depreciated as from the period in which they enter service.
In the event an asset should suffer a lasting impairment of value, independently of depreciation, it is written down. The original value is restored where the conditions that had prompted the writedown should cease to obtain.
Maintenance and repair costs that do not increase the utility or useful lives of assets are charged directly to income for the year.
"Assets under construction and advances" are composed of advances or expenses incurred in respect of assets and materials that have not been completed or are undergoing testing before entering service. Since they have not yet entered the company's production cycle, depreciation is suspended.

8 - INTANGIBLE ASSETS

"Intangible assets" include goodwill and other intangibles governed by IAS 38.
Intangible assets are recognised at purchase or development cost including incidental expenses and are amortised over their estimated useful lives, which, at the end of each year, is subject to impairment testing in order to verify the appropriateness of the estimates.
An intangible asset is only recognised under the following conditions:
(a) CDP can control the future economic benefits generated by the asset;
(b) it is probable that the expected future economic benefits that are attributable to the asset will flow to the company;
(c) the cost of the asset can be measured reliably.
Intangible assets are therefore derecognised when sold or when future economic benefits are no longer expected.
CDP's intangible assets essentially consist of software.
Costs incurred for the purchase and development of software by third parties are amortised, usually on a straight-line basis, over the residual useful lives of the assets, which is no greater than 5 years.
Costs incurred for software development before the year in which the project is completed are capitalised when the development/implementation of the project is likely to be successful and the utility of the product extends over more than

one year. In this case, the costs are amortised over a period of no more than 5 years. In the year in which the software is completed, the costs incurred and not yet amortised are imputed to the asset and the cost is amortised over 5 years.
Intangible assets under development and advances include advances or costs incurred for intangible assets that have not yet been completed or are undergoing testing before entering service. Since they have not yet entered the company's production cycle, amortisation is suspended.

9 – NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE

Non-current assets or groups of assets/liabilities for which a disposal process has been initiated, and whose sale is highly likely, are classified under assets as "Non-current assets and disposal groups held for sale" and in liabilities as "Liabilities associated with assets held for sale".
Such assets/liabilities are measured at the lower of their carrying amount and their fair value net of costs to sell.
Revenues and expenses (net of tax effects) connected with disposal groups or recognised as such during the period are reported in separate accounts in the income statement.

10 – CURRENT AND DEFERRED TAXATION

Corporate income tax (IRES) and the regional tax on business activities (IRAP) are recognised using a realistic estimate of the relevant tax components for the first half of 2010 and were calculated in compliance with applicable tax regulations.
Deferred taxation - calculated on the basis of the tax rates set out in the applicable tax regulations - regards the recognition of the effects of possible differences, including timing differences, between the valuation of accounting items under tax regulations (which are used to determine taxable income) and that under statutory reporting regulations (which seek to quantify the result for the year).
More specifically, "taxable temporary differences" between statutory and tax values are those that will give rise to taxable amounts in future tax periods, while "deductible temporary differences" are those that will give rise to deductible amounts in the future.
Deferred tax liabilities – which are correlated with the amount of income that will become taxable in future years – are recognised in the tax provision without

offsetting against deferred tax assets, which are recognised in the balance sheet under “Tax assets”.
If the deferred tax items regard developments that directly affect equity, they are recognised in equity.

11 - PROVISIONS

“Provisions” (item 120) are recognised solely under following conditions:

(a) there is a present (legal or constructive) obligation resulting from a past event;

(b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;

(c) a reliable estimate can be made of the amount of the obligation.

When the financial impact of the time factor is significant and the dates of payment of the obligation can be estimated reliably, the provision is measured as the present value (discounted at market rates as of the balance sheet date) of the charges that are expected to be incurred in order to settle the obligation.
CDP has no “provisions for retirement and similar obligations”, while “other provisions” includes the provisions for liabilities and contingencies established in observance of international accounting standards, with the exception of writedowns due to the impairment of guarantees issued and credit derivatives treated as such in accordance with IAS 39, which, where applicable, are recognised under “other liabilities”. In particular, CDP’s provision for contingencies only includes estimates related to pending litigation, which includes allocations for revocatory actions and suits filed by third parties (including employees and former employees).
The provisions are only used when the charges for which they were originally established are incurred. When the outlay to fulfil the obligation is no longer deemed to be probable, the provision is reversed through the income statement.

12 – DEBT AND SECURITIES ISSUED

“Amounts due to banks” (item 10) and “Amounts due to customers” (item 20) include all forms of interbank and customer funding. In particular, these items include all debt of any kind (deposits, current accounts, loans) other than financial liabilities held for trading (item 40), financial liabilities at fair value through profit or loss (item 50), and debt securities under item 30 (“Securities

issued"). This includes operating payables. In particular, CDP includes in these items the amounts still to be disbursed for loans being repaid (see the description of CDP Separate Account loans under section 4 above).
Securities issued, both listed and unlisted, are measured at amortised cost. The item is reported net of repurchased securities. It also includes securities which, as of the balance sheet date, have matured but have not yet been redeemed. It does not include the portion of the company's own debt securities issued but not yet placed with third parties.
These are initially measured at fair value including the costs incurred to issue the securities. Subsequent measurement is at amortised cost using the effective interest rate method. The payables are eliminated when they mature or are extinguished.
Securities issued include the postal savings bonds issued by CDP. These bonds are zero-coupon securities (where the interest accrued is paid when the principal is redeemed) with a step-up interest structure (the interest rate increases as the period for which the bond is held increases) and with principal and interest redeemed in a single payment upon maturity, although the bonds may be redeemed at any time prior to the bond's contractual maturity, with principal and interest paid in accordance with the period for which the bond was held. For financial instruments such as postal savings bonds, IAS 39 calls for the adoption of the amortised cost method and states that the effective interest rate to be used in calculating amortised cost must be equal to the internal rate of return of the estimated (not contractual) cash flows throughout the expected (and not contractual) life of the instrument. Given the aforementioned option of early redemption, the expected life of postal savings bonds is, on average, less than their contractual life. CDP has therefore developed a statistical model for forecasting early redemption of savings bonds based on a time series of redemptions, which is used to price the new issues. The forecasting model used at the time of the bond issue is also used to determine the initial estimated amortisation plan for each series of savings bonds. Based on these estimated flows, the effective interest rate and the amortised cost to be recognised in the balance sheet are then calculated. Differences between the actual early redemptions and these estimates result in an adjustment to the remaining amortisation schedule. In such cases, the IFRSs state that the amortised cost of the instrument being measured is to be equal to the present value of the new estimated future cash flows using the unchanging effective interest rate calculated upon issuing each series of savings bonds as the discount rate. It is also necessary to recognise distribution commissions paid to Poste Italiane S.p.A. as transaction costs. These fees are therefore considered along with the other

cash flows for the savings bonds for the purpose of determining the effective interest rate.

13 - FINANCIAL LIABILITIES HELD FOR TRADING

This item includes all forms of financial liabilities designated as being held for trading purposes. It does not include the portion of the company's own debt securities issued but not yet placed with third parties.
The financial liabilities are initially recognised at fair value, which generally equals the amount received net of transactions costs or revenues. In cases in which the amount paid differs from the fair value, the financial asset is recognised at fair value, and the difference between the two amounts is recognised through profit or loss. Initial recognition is effected at the signing date for derivative contracts and at the settlement date for debt securities, with the exception of those for which delivery is governed by conventions on the market concerned, for which initial recognition is at the settlement date.
Financial liabilities held for trading also include derivative contracts embedded in other financial instruments or contracts and which have financial and risk characteristics that are not correlated with the host instrument or which meet the requirements to be classified themselves as derivative contracts, recognising them separately after separating the embedded derivative from the main contract, which is then treated in accordance with the accounting rules for its own category. This is not done in cases in which the compound instrument containing the derivative is measured at fair value through profit or loss.
Subsequent measurement is at fair value. If the fair value of a financial liability becomes positive, it is recognised as a financial asset held for trading.
Financial liabilities held for trading are derecognised when the contractual rights in respect of the cash flows expire or a sale transfers all the risks and rewards connected with ownership to a third party. Conversely, when a prevalent share of the risks and rewards associated with the financial liability are retained, the liability remains on the balance sheet even if official title has been transferred.
The gains and losses on sale or redemption and unrealised gains and losses resulting from the fair value measurement of the trading portfolio are reported under "Net gain (loss) on trading activities" (item 80). The income components are recognised following the results of the measurement of the financial liability held for trading.

14 – FOREIGN CURRENCY TRANSACTIONS

Transactions in a foreign currency are initially recognised in euros by translating the amount in the foreign currency into euros at the exchange rate in prevailing on the date of the transaction.
Assets and liabilities denominated in foreign currencies or indexed to foreign currencies, as well as financial assets with funding denominated in or indexed to foreign currencies, are translated at the spot exchange rates prevailing at the end of the period.
Costs and revenues in foreign currencies are recognised at the spot exchange rate prevailing at the time of the transactions.
The effects of this measurement are recognised in the income statement in the period in which they emerge.
Positive and negative foreign exchange differences related to financial assets and liabilities denominated in a foreign currency, other than those that are recognised at fair value or those that are subject to fair value or cash flow hedging and their related hedging instruments, are recognised under "Net gain (loss) on trading activities" (item 80).

15 – OTHER INFORMATION

CASH AND CASH EQUIVALENTS (ITEM 10 OF ASSETS)
Liquid assets are recognised at fair value.
Liquidity is composed of cash on hand at the company and the balance on the current account held with the Central State Treasury.
The balance is increased for accrued interest that has not yet been settled on this current account. Interest accrues semi-annually at a floating rate determined (pursuant to the decree of the Minister for the Economy and Finance of 5 December 2003) on the basis of the gross yield on 6-month Treasury bills and the monthly level of the Rendistato index.

STAFF SEVERANCE PAY
This provision covers the entire entitlement accrued by employees at the end of the period, in conformity with the provisions of law (Article 2120 of the Civil Code) and applicable employment contracts. In accordance with IAS 19, the staff severance pay scheme (TFR) is considered a defined-benefit plan and, therefore, is recognised as the present value of the accumulating obligation (both the present value of the expected future payments related to benefits accrued during

the current year and the present value of future payments resulting from amounts accrued in previous years).
It should also be noted that the balance of provisions for staff severance pay is minor given that CDP employees maintained their participation the INPDAP pension scheme after the transformation; therefore, contributions are paid to that institution. As such, the amount shown for TFR is related solely to newly hired employees (under the INPS pension scheme) for amounts accrued until 2006, given that the amounts accrued subsequently were not applied to this fund, but to the supplemental pension fund in accordance with the applicable legislation.
Therefore, the effects of the application of IAS 19 are not significant.

INTEREST INCOME AND EXPENSE

Interest income and expense is recognised in the income statement for all instruments based on amortised cost using the effective interest method.
Interest also includes the net positive or negative balance of the differences and margins related to financial derivative contracts associated with effective hedge transactions.

COMMISSIONS

Commissions are recognised in the income statement on an accruals basis. This excludes commissions considered when calculating amortised cost for the purpose of determining the effective interest rate, which are recognised under interest.

DIVIDENDS

Dividends are recognised as income in the period in which they are approved for distribution.

DISCLOSURES ON FAIR VALUE MEASUREMENT

HIERARCHY OF FAIR VALUE INPUTS

(thousands of euros)

PORTFOLIOS: BREAKDOWN BY LEVEL OF FAIR VALUE INPUTS

Financial assets/liabilities at fair value	30/06/2010			31/12/2009		
	L1	L2	L3	L1	L2	L3
1. Financial assets held for trading		808,328			868,511	
2. Financial assets at fair value						
3. Financial assets available for sale	13,336,476	8,793	52,309	13,932,295	8,500	50,517
4. Hedging derivatives		379,757	424		331,026	577
Total	**13,336,476**	**1,196,878**	**52,733**	**13,932,295**	**1,208,037**	**51,094**
1. Financial liabilities held for trading		30,228	703,878		9,135	773,842
2. Financial liabilities at fair value						
3. Hedging derivatives		2,115,760			825,663	
Total		**2,145,988**	**703,878**		**834,798**	**773,842**

Key
L1 = Level 1
L2 = Level 2
L3 = Level 3

(thousands of euros)

CHANGE FOR THE PERIOD IN FINANCIAL ASSETS AT FAIR VALUE (LEVEL 3)

	FINANCIAL ASSETS			
	held for trading	at fair value	available for sale	hedging
1. Opening balance			**50,517**	**577**
2. Increases			**2,794**	
2.1 Purchases			2,768	
2.2 Profits taken to:			26	
2.2.1 Income statement				
- of which: capital gains				
2.2.2 Equity	x	x	26	
2.3 Trasfers to other levels				
2.4 Other increases				
3. Decreases			**1,002**	**153**
3.1 Sales				
3.2 Repayments			288	
3.3 Losses taken to:			714	153
3.3.1 Income statement				153
- of which: capital losses				
3.3.2 equity	x	x	714	
3.4 Trasfers to other levels				
3.5 Other decreases				
4. Closing balance			**52,309**	**424**

(thousands of euros)

CHANGE FOR THE PERIOD IN FINANCIAL LIABILITIES AT FAIR VALUE (LEVEL 3)

	FINANCIAL LIABILITIES		
	held for trading	**at fair value**	**hedging**
1. Opening balance	**773,842**		
2. Increases	**102,865**		
2.1 Purchases	102,865		
2.2 Losses taken to:			
2.2.1 Income statement			
- of which: capital losses			
2.2.2 Equity	x	x	
2.3 Trasfers to other levels			
2.4 Other increases			
3. Decreases	**172,829**		
3.1 Sales			
3.2 Repayments			
3.3 Profits taken to:			
3.3.1 Income statement	172,829		
- of which: capital gains	172,829		
3.3.2 Equity	x	x	
3.4 Trasfers to other levels			
3.5 Other decreases			
4. Closing balance	**703,878**		

INFORMATION ON THE BALANCE SHEET

ASSETS

CASH AND CASH EQUIVALENTS – ITEM 10

The liquid assets of CDP S.p.A. are mainly held the interest-bearing treasury current account no. 29814 denominated "*Cassa DP SPA-gestione separata*", which holds all liquid balances associated with the operations conducted by CDP in its activities under the Separate Account. At the end of the first half of 2010 the balance on the account was about €116,212 million.

As envisaged by Article 6.1 of the MEF decree of 5 December 2003, the Ministry for the Economy and Finance pays semi-annual interest on account no. 29814 the interest-bearing treasury account at a floating rate equal to the simple arithmetic mean between the gross yield on 6-month Treasury bills and the monthly level of the Rendistato index.

Interest accrued and not yet paid on account no. 29814 amounted to about €1,122 million.

FINANCIAL ASSETS HELD FOR TRADING – ITEM 20

(thousands of euros)

FINANCIAL ASSETS HELD FOR TRADING: COMPOSITION BY TYPE

	30/06/2010	31/12/2009
A On-balance-sheet financial assets		
1. Debt securities		
1.1 Structured securities		
1.2 Other debt securities		
2. Equity securities		
3. Units in collective investment undertakings		
4. Loans		
4.1 Repurchase agreements		
4.2 Other		
Total A		
B Derivatives		
1. Financial derivatives	808,328	868,511
1.1 trading	808,328	868,511
1.2 associated with fair value option		
1.3 other		
2. Credit derivatives		
2.1 trading		
2.2 associated with fair value option		
2.3 other		
Total B	**808,328**	**868,511**
Total (A+B)	**808,328**	**868,511**

The financial derivatives set out in the table mainly regard options purchased to hedge the embedded option component of indexed bonds and *Premia* bonds. This option component was separated from the host instrument and was classified among financial liabilities held for trading.

FINANCIAL ASSETS AVAILABLE FOR SALE – ITEM 40

(thousands of euros)

FINANCIAL ASSETS AVAILABLE FOR SALE: COMPOSITION BY TYPE

	30/06/2010	31/12/2009
1. Debt securities	1,567,030	207,616
1.1 Structured securities		
1.2 Other debt securities	1,567,030	207,616
2. Equity securities	11,787,665	13,742,895
2.1 At fair value	11,778,238	13,733,179
2.2 At cost	9,427	9,716
3. Units in collective investment undertakings	42,883	40,801
4. Loans		
Total	**13,397,578**	**13,991,312**

The increase in debt securities is attributable to the subscription of government securities during the period, mainly as a means of investing liquidity.

The decrease in equity securities is a consequence of the fair value measurement of the investments in Eni S.p.A. and Enel S.p.A..

FINANCIAL ASSETS HELD TO MATURITY – ITEM 50

The increase in the item is associated with the purchase during the period of inflation-linked government securities with a nominal value of €300 million, which were acquired by CDP to operationally hedge the issue of postal savings bonds indexed to inflation.

LOANS TO BANKS – ITEM 60

(thousands of euros)

LOANS TO BANKS: COMPOSITION BY TYPE

	30/06/2010	31/12/2009
A. Claims on central banks	**3,843,413**	**3,703,220**
1. Fixed-term deposits		
2. Reserve requirement	3,843,413	3,703,220
3. Repurchase agreements		
4. Other		
B. Loans to banks	**4,170,192**	**2,271,260**
1. Current accounts and demand deposits	89,258	441,427
2. Fixed-term deposits	1,742,966	907,947
3. Other financing	2,337,968	921,886
3.1 repurchase agreements		
3.2 finance leasing		
3.3 other	2,337,968	921,886
4. Debt securities		
4.1 structured		
4.2 other debt securities		
Total	**8,013,605**	**5,974,480**

The increase in the balance at 30 June 2010 in loans to banks is mainly attributable to new loans granted to banks within the framework of economic support instruments (loans to SMEs and Abruzzo earthquake reconstruction loans) and the balance of deposits (cash collateral) with banks in transactions to hedge the credit risk on derivatives.

LOANS TO CUSTOMERS – ITEM 70

Loans to customers regard lending operations under the Separate Account and Ordinary Account of CDP and include unlisted securities issued by public entities and public-law bodies and subscribed by CDP. The following table provides a breakdown of the positions by technical form.

(thousands of euros)

LOANS TO CUSTOMERS: COMPOSITION BY TYPE

	30/06/2010		31/12/2009	
	Performing	Impaired	Performing	Impaired
1. Current accounts	40		84	
2. Repurchase agreements				
3. Loans	87,737,004	49,286	84,171,757	46,402
4. Credit cards, personal loans and loans repaid by automatic deductions from wages				
5. Finance leasing				
6. Factoring				
7. Other			86,936	
8. Debt securities	1,450,991		1,318,662	
8.1 structured				
8.2 other debt securities	1,450,991		1,318,662	
Total	**89,188,035**	**49,286**	**85,577,439**	**46,402**

Loans also include €14,784 million, highlighted in the balance sheet, pledged as collateral for covered bonds issued by CDP.

Total writedowns of loans amount to €121 million. On the basis of the quality of the borrowers, the guarantees securing the loans and the regular payment of instalments, as well as the experience of the CDP in this area, it was not considered necessary to carry out a collective writedown of the loan portfolio.

(thousands of euros)

ON-BALANCE-SHEET EXPOSURES TO CUSTOMERS: CHANGES IN GROSS IMPAIRED POSITIONS

	Bad debts	Substandard loans	Restructured positions	Past due positions
A. Opening gross exposure	**121,392**	**34,985**	**-**	**11,155**
- of which: exposures assigned but not derecognized				
B. Increases	**648**	**1,985**	**-**	**3,303**
B.1 transfers from performing positions	346	1,948		3,185
B.2 transfers from other categories of impaired positions				
B.3 other increases	302	37		118
C. Decreases	**(282)**	**(771)**	**-**	**(2,122)**
C.1 to performing loans				(1,610)
C.2 writeoffs				
C.3 collections	(282)	(771)		(139)
C.4 assignments				
C.5 transfers to other categories of impaired positions				
C.6 other decreases				(373)
D. Closing gross exposure	**121,758**	**36,199**	**-**	**12,336**
- of which: exposures assigned but not derecognized				

(thousands of euros)

ON-BALANCE-SHEET CREDIT EXPOSURES TO CUSTOMERS: CHANGES IN TOTAL ADJUSTMENTS

	Bad debts	Substandard loans	Restructured positions	Past due positions
A. Total opening adjustments	**95,855**	**25,276**	**-**	**-**
- of which: exposures assigned but not derecognized				
B. Increases	**316**	**-**	**-**	**-**
B.1 writedowns	316			
B.2 transfers from other categories of impaired positions				
B.3 other increases				
C. Decreases	**(357)**	**(83)**	**-**	**-**
C.1 writebacks from valuations	(357)	(83)		
C.2 writebacks from collection				
C.3 writeoffs				
C.4 transfers to other categories of impaired positions				
C.5 other decreases				
D. Total closing adjustments	**95,814**	**25,193**	**-**	**-**
- of which: exposures assigned but not derecognized				

HEDGING DERIVATIVES – ITEM 80

(thousands of euros)

HEDGING DERIVATIVES: COMPOSITION BY TYPE OF HEDGE

	30/06/2010	31/12/2009
A. Financial derivatives	**380,181**	**331,603**
1) Fair value	352,278	319,677
2) Cash flow	27,903	11,926
3) Investment in foreign operation		
B. Credit derivatives	-	-
1) Fair value		
2) Cash flow		
Total	**380,181**	**331,603**

The item reports derivatives transactions carried out to hedge the exposure to changes in fair value and in cash flows.

EQUITY INVESTMENTS – ITEM 100

EQUITY INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE: INFORMATION ON INVESTMENTS

	Registered office	% holding	% of votes
A. Wholly-owned subsidiaries			
1. Terna S.p.A.	Rome	29.94%	29.94%
2. CDP Investimenti SGR S.p.A.	Rome	70.00%	70.00%
B. Joint ventures			
C. Companies under significant influence			
1. Galaxy S.àr.l. SICAR	Luxembourg	40.00%	40.00%
2. Europrogetti & Finanza S.p.A. in liquidation	Rome	31.80%	31.80%

During the period CDP disposed of its holding in Tunnel di Genova S.p.A., which had already been fully written down in previous years.
In addition, following the Board's decision to transfer CDP's holdings of 17.362% in Enel S.p.A., 35% in Poste Italiane and 50% in STMicroelectronics Holding N.V. to the MEF by the end of 2010, the latter two investments were reclassified to 140 “Non-current assets and disposal groups held for sale”. In return, the MEF will transfer to CDP a number of shares in Eni S.p.A. with a value equal to the equity investments transferred by CDP.

PROPERTY, PLANT AND EQUIPMENT – ITEM 110

Property, plant and equipment includes all of the movable and immovable property of Cassa depositi e prestiti, net of depreciation, and at period-end break down as follows:

(thousands of euros)

PROPERTY, PLANT AND EQUIPMENT: COMPOSITION OF ASSETS MEASURED AT COST

	30/06/2010	31/12/2009
A. Operating assets		
1.1 owned	**202,222**	**203,918**
a) land	117,406	117,406
b) buildings	68,377	69,874
c) movables	3,266	3,317
d) electrical plant	4,634	5,332
e) other	8,539	7,989
1.2 acquired under finance leases		
a) land		
b) buildings		
c) movables		
d) electrical plant		
e) other		
Total A	**202,222**	**203,918**
B. Investment property		
2.1 owned		
a) land		
b) buildings		
2.2 acquired under finance leases		
a) land		
b) buildings		
Total B	**-**	**-**
Total (A+B)	**202,222**	**203,918**

INTANGIBLE ASSETS – ITEM 120

Intangible assets break down as follows:

(thousands of euros)

INTANGIBLE ASSETS: COMPOSITION BY CATEGORY

	30/06/2010		31/12/2009	
	Definite life	Indefinite life	Definite life	Indefinite life
A.1 Goodwill	x		x	
A.2 Other intangible assets	**5,528**		**6,572**	
A.2.1 Assets carried at cost	5,528		6,572	
a) internally-generated intangible assets				
b) other assets	5,528		6,572	
A.2.2 Assets carried at fair value:				
a) internally-generated intangible assets				
b) other assets				
Total	**5,528**		**6,572**	

With regard to the disclosures required under international accounting standards, it should be noted that:

- intangible assets were not revalued;
- no intangible assets acquired by way of government grants are held (IAS 38, paragraph 122, letter c);
- no intangible assets are pledged as security for liabilities (IAS 38, paragraph 122, letter d);
- no intangible assets are the object of leasing transactions.

TAX ASSETS AND LIABILITIES – ITEM 130 OF ASSETS AND ITEM 80 OF LIABILITIES

Deferred tax assets: composition and changes

Deferred tax assets at 30 June 2010, equal to €51.2 million, arise in respect of temporary differences, which will become deductible in subsequent periods, that mainly regard the fair value measurement of Enel shares and debt securities, which are recognised under AFS financial assets, the fair value measurement of derivatives used as cash flow hedges for financial liabilities, the earlier statutory depreciation/amortisation charges that exceed those permitted under tax regulations, the IAS items in respect of amounts due to banks and, in a residual amount, the fair value measurement of investment fund units, provisions for liabilities and contingencies and remuneration of directors accrued but unpaid in the reporting period.

The increase in deferred tax assets of €25.3 million compared with 31 December 2009 is the essentially the net result of €34.7 million in respect of the fair value writedowns in equity of Enel shares, of AFS debt securities and CFH derivatives, partially offset by the reduction of €9.6 million in other temporary differences recognised in the income statement.

Deferred tax liabilities: composition and changes

Deferred tax liabilities, equal to €50.4 million, arise in respect of temporary differences, which will become taxable in subsequent periods, of which €47.7 million in respect of the fair value measurement of equity securities and AFS debt securities and €2.7 million in uncollected dividends.

The overall decrease in the provision for deferred tax liabilities of €80.5 million compared with December 31, 2009, reflected the decrease of €83.2 million in the fair value measurement of the shareholding in Eni, AFS debt securities and CFH derivatives, offset by an increase of €2.7 million in respect of temporary differences associated with uncollected dividends.

NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE– ITEM 140

The item reports the shareholdings in Poste Italiane S.p.A. and STMicroelectronics Holding N.V. in the amount of €3,185 million. The holdings will be transferred to the MEF by the end of 2010.

At 30 June 2010 a writeback of about €40 million was recognised in respect of the investment in STMicroelectronics Holding N.V..

LIABILITIES

DUE TO BANKS – ITEM 10

(thousands of euros)

DUE TO BANKS: COMPOSITION BY TYPE

	30/06/2010	31/12/2009
1. Due to central banks	**20,365**	**24,128**
2. Due to banks	**4,537,689**	**2,650,169**
2.1 Current accounts and demand deposits	247,227	425,852
2.2 Fixed-term deposits	608,779	625,165
2.3 Borrowings	3,664,576	1,582,372
2.3.1 Repurchase agreements	2,271,011	188,660
2.3.2 Other	1,393,565	1,393,712
2.4 Liabilities in respect of commitments to repurchase own equity instruments		
2.5 Other payables	17,107	16,780
Total	**4,558,054**	**2,674,297**

The substantial rise in amounts due to banks is mainly attributable to short-term funding transactions carried out during the period in the form of repurchase transactions using securities in CDP's portfolio as collateral.

DUE TO CUSTOMERS – ITEM 20

(thousands of euros)

DUE TO CUSTOMERS: COMPOSITION BY TYPE

	30/06/2010	31/12/2009
1. Current accounts and demand deposits	93,030,188	91,108,472
2. Fixed-term deposits		
3. Borrowings		
3.1 Repurchase agreements		
3.2 Other		
4. Liabilities in respect of commitments to repurchase own equity instruments		
5. Other payables	10,544,907	9,351,464
Total	**103,575,095**	**100,459,936**

"Current accounts and demand deposits" mainly regard the value at 30 June 2010 of postal passbooks issued by CDP.
Other payables mainly regard amounts to be disbursed on loans granted.

SECURITIES ISSUED – ITEM 30

(thousands of euros)

SECURITIES ISSUED: COMPOSITION BY TYPE

	30/06/2010	31/12/2009
A. Securities		
1. Bonds	8,758,294	8,603,652
1.1 structured		
1.2 other	8,758,294	8,603,652
2. Other securities	103,013,386	99,665,210
2.1 structured	11,271,844	10,037,547
2.2 other	91,741,542	89,627,663
Total	**111,771,680**	**108,268,862**

The item includes covered bonds, bonds issued under the Euro Medium Term Notes programme and postal savings bonds.

During the period two new issues were carried out under the EMTN programme, one with a nominal value of €150 million and one in yen with a nominal value of ¥13 billion (about €102 million at issue). During the same period, maturing bonds were redeemed in the amount of €150 million.

Other structured securities report indexed postal savings bonds and the *Premia* bonds, for which the embedded derivative has been separated from the host contract.

FINANCIAL LIABILITIES HELD FOR TRADING – ITEM 40

(thousands of euros)

FINANCIAL LIABILITIES HELD FOR TRADING: COMPOSITION BY TYPE

	30/06/2010	31/12/2009
A. On-balance-sheet liabilities		
1. Due to banks		
2. Due to customers		
3. Debt securities		
3.1 Bonds		
3.1.1 Structured		
3.1.2 Other		
3.2 Other securities		
3.2.1 Structured		
3.2.2 Other		
Total A	**-**	**-**
B. Derivatives		
1. Financial derivatives	734,106	782,977
1.1 Trading		
1.2 Associated with fair value option		
1.3 Other	734,106	782,977
2. Credit derivatives		
2.1 Trading		
2.2 Associated with fair value option		
2.3 Other		
Total B	**734,106**	**782,977**
Total (A+B)	**734,106**	**782,977**

The item mainly includes the embedded option component of indexed bonds and *Premia* bonds that was separated from the host contract.

HEDGING DERIVATIVES – ITEM 60

(thousands of euros)

HEDGING DERIVATIVES: COMPOSITION BY TYPE OF HEDGE

	30/06/2010	31/12/2009
A. Financial derivatives	**2,115,760**	**825,663**
1) Fair value	2,115,760	825,663
2) Cash flow		
3) Investment in foreign operation		
B. Credit derivatives	-	-
1) Fair value		
2) Cash flow		
Total	**2,115,760**	**825,663**

PROVISIONS – ITEM 120

Provisions declined by about €6 million following the use of accruals for staff costs.

EQUITY – ITEMS 130, 160, 180 AND 200

(thousands of euros)

EQUITY: COMPOSITION

	30/06/2010	31/12/2009
1. Share capital	3,500,000	3,500,000
2. Share premium reserve		
3. Reserves	6,233,824	4,809,203
4. (Treasury shares)		
5. Valuation reserves	282,805	2,136,388
6. Equity instruments		
7. Income (loss) for the period	990,899	1,724,621
Total	**11,007,528**	**12,170,212**

The increase in “Reserves” is a consequence of the allocation of net income at 31 December 2009, which in the first half of 2010 saw the allocation of about €1,338 million to reserves.

The decrease in "Valuation reserves" is mainly attributable to the decline in the stock prices of Eni S.p.A. and Enel S.p.A..

The share capital of €3,500,000,000 is fully paid up and is composed of 245,000,000 ordinary shares and 105,000,000 preference shares with a par value of €10 each.

The company does not hold treasury shares.

INFORMATION ON THE INCOME STATEMENT

INTEREST – ITEMS 10 AND 20

(thousands of euros)

INTEREST INCOME AND SIMILAR REVENUES: COMPOSITION

	Debt securities	Loans	Other	30/06/2010	30/06/2009
1 Financial assets held for trading					
2 Financial assets available for sale	5,363			**5,363**	**3,036**
3 Financial assets held to maturity	8,818			**8,818**	**1,576**
4 Loan to banks		11,747	21,841	**33,588**	**42,003**
5 Loan to customers	31,238	1,926,862		**1,958,100**	**2,041,433**
6 Financial assets at fair value					
7 Hedging derivatives	x	x			
8 Other assets	x	x	1,121,854	**1,121,854**	**2,143,777**
Total	**45,419**	**1,938,609**	**1,143,695**	**3,127,723**	**4,231,825**

The balance at 30 June 2010 mainly regards interest income on loans by CDP, in the amount of about €1,927 million, and on liquidity deposited on current account no. 29814, in the amount of about €1,122 million. The significant decrease in current account interest compared with the year-earlier period is due to the substantial decline in the interest rate paid by the MEF on such amounts.

(thousands of euros)

INTEREST EXPENSE AND SIMILAR CHARGES: COMPOSITION

	Payables	Securities	Other	30/06/2010	30/06/2009
1 Due to central banks		x		**-**	
2 Due to banks	13,527	x		**13,527**	**6,623**
3 Due to customers	355,390	x		**355,390**	**966,238**
4 Securities issued	x	1,752,600		**1,752,600**	**1,816,032**
5 Financial liabilities held for trading			327	**327**	**314**
6 Financial liabilities at fair value					
7 Other liabilities and funds	x	x		**-**	**190**
8 Hedging derivatives	x	x	237,153	**237,153**	**133,016**
Total	**368,917**	**1,752,600**	**237,480**	**2,358,997**	**2,922,413**

Interest expense on amounts due to customers mainly regards interest on passbook savings accounts, totalling about €300 million, and interest on loans being repaid but not yet disbursed by CDP, equal to about €55 million.

Interest on debt securities regarded bond issues for about €631 million and postal savings bonds for about €1,623 million.

The negative differences on hedges amounted to about €237 million.

COMMISSIONS - ITEMS 40 AND 50

During the period, CDP earned commission income on lending operations amounting to about €4.3 million and commission income of about €1.5 million relating to the agreement signed with the Ministry for the Economy and Finance in respect of assets and liabilities transferred to the MEF pursuant to Article 3 of the ministerial decree of 5 December 2003.

Commission expense mainly regards the charge for the period, equal to about €340 million, of the remuneration paid to Poste Italiane S.p.A. for managing and placing postal funding products, which is not subject to amortisation.

DIVIDENDS AND SIMILAR REVENUES - ITEM 70

Dividends at 30 June 2010 regard the accrued share attributable to CDP S.p.A. from its equity investments in Enel S.p.A. (about €245 million), Eni S.p.A. (about

€200 million), Poste Italiane (about €175 million), Terna (€72 million) and STMicroelectronics Holding N.V (about €29 million), Istituto per il Credito Sportivo (about €2.5 million), F2i SGR S.p.A. (about €501 thousand) and Sinloc S.p.A. (about €237 thousand).

NET GAIN (LOSS) ON HEDGING ACTIVITIES - ITEM 90

This item showed a net loss of about €240 thousand at 30 June 2010, a significant decrease from the loss of €29 million in the first half of 2009.

GAINS (LOSSES) ON THE DISPOSAL OR REPURCHASE OF LOANS AND FINANCIAL ASSETS AVAILABLE FOR SALE – ITEM 100

The balance at 30 June 2010 shows a gain of €31.2 million, due mainly to the penalties accrued on the early repayment of loans granted by CDP.

GENERAL AND ADMINISTRATIVE EXPENSES – ITEM 150

Staff costs came to about €19 million, up on the first half of 2009 (when they came to about €17 million).
Other administrative expenses totalled some €13.3 million, an increase of 7.9% on the first half of 2009.

GAINS (LOSSES) ON EQUITY INVESTMENTS – ITEM 210

The item shows a gain of about €40 million in respect of the writeback recognised on the investment in STMicroelectronics Holding N.V..

OPERATING SEGMENTS

This section of the notes to the financial statements has been drafted in compliance with IFRS 8 - Operating Segments, in force since 1 January 2009 in replacement of IAS 14 - Segment Information.

CDP is organised into four business units through which the company pursues its activities. More specifically:

- direct lending to public entities and real estate services (“Public Entities” business unit);
- financing for projects sponsored by public entities (“Public Interest Lending” business unit);
- financing for works, plant, networks and other infrastructure used to deliver public services or for reclamation projects (“Financing” business unit);
- management of facilitated credit and economic support mechanisms (“Facilitated Credit and Economic Support" business unit).

The above business units are supported by other units that perform support functions for business operations (Credit and Finance) and governance functions (Administration, Planning and Control, Operations, Resources and Organisation, Risk Management, Internal Auditing, Legal and Corporate Affairs, Equity Investments and Institutional Relations and External Communications). They are grouped within the Corporate Centre.

Public Entities

The Public Entities unit is responsible for lending the public entities and public-law bodies using standardised products, offered in compliance with the principles of accessibility, uniformity in treatment, pre-specification of terms and non-discrimination, in implementation of the statutory mission of the CDP's Separate Account.

With the latest reorganisation, the activities previously performed by the Real Estate unit have been folded into the Public Entities unit. These include supporting local authorities in the use of new instruments to raise funds without making recourse to new borrowing. This objective is pursued by leveraging or selling off the property holdings of local authorities that they do not use in their operations.

Public Interest Lending

The Public Interest Lending unit seeks to intervene directly in general public interest projects sponsored by public entities, acting with a long-term vision and verifying the financial sustainability of the projects.

Financing

The operations of the Financing unit regard the financing, on a project or corporate finance basis, of investments in works, plant, infrastructure and networks to be used to deliver public services or in reclamation projects (water sector - integrated water services, gas transport and distribution networks, local and national transportation networks and the production, transport and distribution of energy).

Facilitated Credit and Economic Support

The Facilitated Credit and Economic Support unit is responsible for managing subsidised credit instruments established by specific legislation and economic support instruments developed by CDP.

More specifically, subsidised loans primarily draw on CDP resources (the Revolving Fund to support enterprises and research investment), while also taking advantage, to a residual extent, central government funding (Territorial Agreements and Area Contracts, Low Environmental Impact Vehicles Fund). For economic support in 2009, the funds available to banks were activated for loans to SMEs and for the reconstruction of the areas hit by the earthquake in Abruzzo.

Following the recent reorganisation, the Facilitated Credit and Economic Support unit is also responsible for managing the financing of the international expansion and export operations of Italian businesses and their foreign subsidiaries (the “export-bank” system supporting SACE) and for issuing guarantees to private and public entities involved in the construction or operation of works (the Public Works Guarantee Fund – FGOP). Thus far, no operations have been carried out using these indirect support instruments.

Results by operating segment are presented on the basis of the above organisational structure. In line with the interim report on operations, the income statement presents reclassified data and is in line with the internal reporting system used by management in its decision-making process.

This presentation makes it possible to determine the contribution of each business unit to the overall performance of CDP.

Construction of the balance sheet by business unit

The balance sheet aggregates were constructed on the basis of the items directly attributable to the individual business units, with which the related revenues and expenses are correlated.

More specifically, the aggregates for "loans to customers and banks" (for amounts disbursed or being repaid) and "cash and cash equivalents" represent the stock of assets related to the specific operating activities of each business unit. The other aggregates of interest-bearing assets or liabilities pertain exclusively to the Corporate Centre. That aggregate includes a structure for the management of equity investments and investment funds held by CDP and a unit dedicated to funding and treasury operations.

Construction of the income statement by business unit

The operating result of the business units was constructed on the basis of the following criteria.

As regards net interest income, the contribution of each business unit is calculated on the basis of internal transfer rates ("ITRs") differentiated by product and maturity. In determining the ITRs, it is assumed that each lending transaction is funded using a hypothetical market transaction with the same financial characteristics but the opposite sign. This system is based on the CDP's organisational model, which has a specific structure (Finance) devoted to treasury management (the treasury pool) within the Corporate Centre.

For the other aggregates of the income statement, each business unit is allocated any directly attributable revenues and expenses. In addition, a share of indirect costs, initially recognised under the Corporate Centre, is allocated to each business unit on the basis of their actual use of resources or services. The Corporate Centre is allocated the revenues and expenses directly attributable to the units that make up the aggregate, as well as the costs for utilities, taxes and general services that were not allocated to any specific unit.

For more information on developments in the operations of the individual business units, please see the report on operations.

Reclassified balance sheet

(thousands of euros)

	Public Entities	Facilitated Credit and Economic Support	Financing	Public Interest Lending	Corporate Centre	Total CDP
Cash and cash equivalents	-	36,152	-	-	121,849,349	121,885,501
Loans to customers and banks	81,291,465	2,572,870	3,636,680	-	1,312,721	88,813,736
Debt securities	-	-	-	-	2,437,549	2,437,549
Equity investments and shares	-	-	-	-	16,357,884	16,357,884
Funding					219,253,912	219,253,912
- of which: postal funding	-	-	-	-	*196,070,299*	*196,070,299*
- of which: funding from banks	-	-	-	-	*4,432,233*	*4,432,233*
- of which: funding from customers	-	-	-	-	*10,440,617*	*10,440,617*
- of which: funding from bonds	-	-	-	-	*8,310,764*	*8,310,764*

Reclassified income statement

(thousands of euros)

	Public Entities	Facilitated Credit and Economic Support	Financing	Public Interest Lending	Corporate Centre	Total CDP
Net interest income	**187,735**	**3,179**	**12,727**	**-**	**565,085**	**768,726**
Dividends	-	-	-	-	723,952	723,952
Net commission income	1,575	69	2,841	1,453	(339,957)	(334,019)
Other net revenues	-	-	-	-	23,181	23,181
Gross income	**189,310**	**3,248**	**15,568**	**1,453**	**972,262**	**1,181,840**
Net writedowns	393	33	-	-	(302)	124
Overheads	(4,199)	(1,047)	(492)	(258)	(31,114)	(37,109)
of which: Administrative expenses	*(4,199)*	*(1,047)*	*(492)*	*(258)*	*(26,637)*	*(32,633)*
Operating income	**185,693**	**2,234**	**15,076**	**1,195**	**945,388**	**1,149,587**

TRANSACTIONS WITH RELATED PARTIES

1. Information on the compensation of directors and management

(thousands of euros)

REMUNERATION OF DIRECTORS AND STATUTORY AUDITORS

	30/06/2010
a) directors	684
b) statutory auditors	56
Total	**740**

(thousands of euros)

REMUNERATION OF KEY MANAGEMENT

	30/06/2010
(a) short-term benefits	3,596
(b) post-employment benefits	52
(c) other long-term benefits	
(d) severance benefits	142
(e) share-based payments	
Total	**3,790**

(thousands of euros)

REMUNERATION PAID TO DIRECTORS AND STATUTORY AUDITORS

	Position	Period in office	End of term (*)	Compensation and bonuses
Directors				
Franco Bassanini	Chairman	01/01/10-30/06/10	2012	194
Giovanni Gorno Tempini	Chief Executive Officer	28/04/10-30/06/10	2012	121
Massimo Varazzani	Chief Executive Officer	01/01/10-28/04/10	2009	376
Cristian Chizzoli	Director	28/04/10-30/06/10	2012	6
Cristiana Coppola	Director	28/04/10-30/06/10	2012	6
Piero Gastaldo	Director	28/04/10-30/06/10	2012	(***)
Ettore Gotti Tedeschi	Director	01/01/10-30/06/10	2012	18
Vittorio Grilli	Director	01/01/10-30/06/10	2012	(**)
Nunzio Guglielmino	Director	01/01/10-30/06/10	2012	18
Mario Nuzzo	Director	28/04/10-30/06/10	2012	6
Francesco Giovannucci	Director	01/01/10-28/04/10	2009	11
Fiorenzo Tasso	Director	01/01/10-28/04/10	2009	11
Luisa Torchia	Director	01/01/10-28/04/10	2009	11
Gianfranco Viesti	Director	01/01/10-28/04/10	2009	11
Supplementary members for administration of Separate Account (Art. 5.8, Decree Law 269/03)				
Giovanni De Simone	Director (1)	28/04/10-30/06/10	2012	6
Edoardo Grisolia	Director (1)	01/01/10-28/04/10	2009	(**)
Maria Cannata	Director (2)	01/01/10-30/06/10	2012	(**)
Giuseppe Pericu	Director	05/05/10-30/06/10	2012	5
	Director	01/01/10-28/04/10	2009	11
Romano Colozzi	Director	03/06/10-30/06/10	2012	3
Guido Podestà	Director	05/05/10-30/06/10	2012	5
Isaia Sales	Director	01/01/10-28/04/10	2009	11
Francesco Scalia	Director	01/01/10-28/04/10	2009	11
Board of Auditors				
Angelo Provasoli	Chairman	28/04/10-30/06/10	2012	5
Alberto Sabatini	Chairman	01/01/10-28/04/10	2009	9
Paolo Fumagalli	Auditor	28/04/10-30/06/10	2012	4
Biagio Mazzotta	Auditor	01/01/10-30/06/10	2012	(**)
Gianfranco Romanelli	Auditor	28/04/10-30/06/10	2012	4
Giuseppe Vincenzo Suppa	Auditor	28/04/10-30/06/10	2012	(**)
Antonio Angelo Arru	Auditor	01/01/10-28/04/10	2009	7
Mario Basili	Auditor	01/01/10-28/04/10	2009	7
Francesco Bilotti	Auditor	31/03/10-28/04/10	2009	2
Fabio Alberto Roversi Monaco	Auditor	01/01/10-25/03/10	2009	5

(*) Date of Shareholders' Meeting called to approve financial statements for the year.
(**) The remuneration is paid to the Ministry for the Economy and Finance.
(***) The remuneration is paid to Compagnia di San Paolo.
(1) Delegate of State Accountant General.
(2) Delegate of Director General of the Treasury.

2. Information on transactions with related parties

At 30 June 2010 CDP had the following transactions with the parent, subsidiaries and associates.

Transactions with the Ministry for the Economy and Finance

The main transactions conducted with the Ministry for the Economy and Finance regarded the treasury service performed by the MEF and lending transactions.

Specifically, CDP's liquidity is deposited on the interest-bearing account no. 29814 at the Central State Treasury and earns interest, as envisaged by Article 6.1 of the decree of the Minister for the Economy and Finance of 5 December 2003, at a floating 6-month rate equal to the simple arithmetic average of the gross yield on 6-month treasury bills and the level of the monthly Rendistato index.

As regards receivables in respect of loans, it should be noted that more than 40% of CDP's portfolio is repaid by the state.

CDP also manages loans and postal savings products owned by the MEF, for which it receives a fee established in a specific contract.

Outstanding transactions and the related financial effects at period-end were as follows:

(thousands of euros)

Transactions with Ministry for the Economy and Finance	30/06/2010
Cash and cash equivalents	117,333,427
Financial assets held to maturity	524,717
Loan to customers	34,365,094
Other assets	16,799
Due to customers	3,509,043
Other liabilities	77
Interest income and similar revenues	1,873,268
Commission income	1,506
Interest expense and similar charges	(17,966)

Transactions with subsidiaries

Transactions with Terna S.p.A.

CDP approved financing of up to €500 million to Terna S.p.A., which had not been disbursed as of 30 June 2010.

The transactions outstanding at the end of the period and the related effects on the income statement are as follows:

(thousands of euros)

Transactions with Terna S.p.A.	30/06/2010
Other assets	1,781
Commission income	628

Transactions with CDPI SGR S.p.A.

The only transactions with the subsidiary CDPI SGR regarded administrative and accounting services provided by CDP and CDP personnel seconded to CDPI.

The transactions outstanding at the end of the period and the related effects on the income statement are as follows:

(thousands of euros)

Transactions with CDPI SGR S.p.A.	30/06/2010
Other assets	171
Administrative expenses (reimbursement of expenses)	108
Other operating income	52

Transactions with associates

Transactions with Poste Italiane S.p.A.

Transactions outstanding at 30 June 2010 with Poste Italiane S.p.A. include both the placement and management service for postal savings products and loans granted by CDP.

The service provided by Poste Italiane is remunerated with an annual commission set in a specific agreement between the parties.

The transactions outstanding at the end of the period and the related effects on the income statement are as follows:

(thousands of euros)

Transactions with Poste Italiane S.p.A.	**30/06/2010**
Loan to customers	679,557
Due to customers	8,771
Other liabilities	750,000
Interest income and similar revenues	13,215
Commission expense	750,000
of which: subject to amortisation	410,104

Transactions with Europrogetti & Finanza S.p.A. in liquidation

Transactions outstanding at 30 June 2010 with Europrogetti & Finanza S.p.A. in liquidation regard the loan granted by CDP in the amount of about €302 thousand (fully written down).

ANNEXES

ANNEX 1

LIST OF EQUITY INVESTMENTS

Annex 1

(thousands of euros)

LIST OF EQUITY INVESTMENTS

	Registered office	% holding	Book value
A. Listed companies			
1. Eni S.p.A.	Rome	9.99%	6,080,380
2. Enel S.p.A.	Rome	17.36%	5,697,859
3. Terna S.p.A.	Rome	29.94%	1,315,200
B. Unlisted companies			
1. Poste Italiane S.p.A. (*)	Rome	35.00%	2,518,744
2. STMicroelectronics Holding N.V. (*)	Amsterdam	50.00%	666,423
3. Galaxy S.àr.l. SICAR	Luxembourg	40.00%	25,569
4. SINLOC S.p.A.	Turin	11.85%	5,507
5. F2i SGR S.p.A.	Milan	14.29%	1,854
6. Europrogetti & Finanza S.p.A. in liquidation	Rome	31.80%	-
7. Istituto per il Credito Sportivo	Rome	21.62%	2,066
8. CDP Investimenti SGR S.p.A.	Rome	70.00%	1,400
9. 2020 European Fund for Energy, Climate Change and Infrastructure SICAV-FIS Sa (Marguerite Fund)	Luxembourg	14.08%	500
10. Fondo Italiano d'Investimento SGR S.p.A.	Milan	14.29%	500
11. Inframed Infrastructure societè par actions simplifièe à capital variable (Fondo Inframed)	Paris	39.02%	20

(*) Equity investments held for sale